

COVER SHEET

1 0 0 2 0
S.E.C. Registration Number

M J C I N V E S T M E N T S C O R P O R A T I O N
(Company's Full Name)

1 2 T H F L O O R S T R A T A 1 0 0 B L D G .
F . O R T I G A S J R . R O A D
O R T I G A S C E N T E R , P A S I G C I T Y
(Business Address : No. Street City / Town / Province)

ATTY. CHRIZELLIE K. ALMENDRAL

Contact Person

628-2391

Company's Telephone Number

1 2 3 1
Month Day
Fiscal Year

2012 ANNUAL CORPORATE GOVERNANCE REPORT

FORM TYPE

0 6 2 6
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

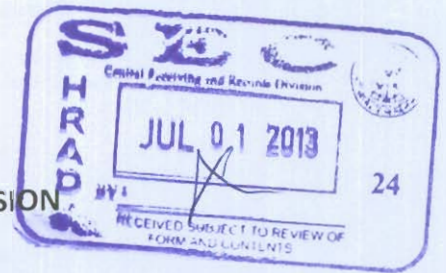
LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes



SECURITIES AND EXCHANGE COMMISSION

SEC FORM - ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

- | | | | |
|---|------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------|
| 1 | Report is Filed for the Year | | 2012 |
| 2 | Exact Name of Registrant as Specified in its Charter | | MJCNINVESTMENTS CORPORATION |
| 3 | <u>12/Flr. Strata 100 Building,</u>
<u>F. Ortigas Jr. Road, Ortigas Center, Pasig City</u>
Address of Principal Office | | <u>1605</u>
Postal Code |
| 4 | SEC Identification Number | | 10020 |
| 5 | Industry Classification Code | | <input type="checkbox"/> (SEC Use Only) |
| 6 | BIR Tax Identification Number | | 000-596-509 |
| 7 | Issuer's Telephone Number, Including Area Code | | (02) 687-9889 |
| 8 | Former name or former address, if changed from the last report | | NOT APPLICABLE |

TABLE OF CONTENTS

A. BOARD MATTERS	5
1) BOARD OF DIRECTORS	
(a) Composition of the Board	5
(b) Directorship in Other Companies	6
(c) Shareholding in the Company	7
2) CHAIRMAN AND CEO	8
3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	8
4) CHANGES IN THE BOARD OF DIRECTORS	10
5) ORIENTATION AND EDUCATION PROGRAM	14
B. CODE OF BUSINESS CONDUCT & ETHICS	14
1) POLICIES	14
2) DISSEMINATION OF CODE	15
3) COMPLIANCE WITH CODE	15
4) RELATED PARTY TRANSACTIONS	16
(a) Policies and Procedures	16
(b) Conflict of Interest	16
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS	17
6) ALTERNATIVE DISPUTE RESOLUTION	17
C. BOARD MEETINGS & ATTENDANCE	17
1) SCHEDULE OF MEETINGS	18
2) DETAILS OF ATTENDANCE OF DIRECTORS	18
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	18
4) ACCESS TO INFORMATION	18
5) EXTERNAL ADVICE	19
6) CHANGES IN EXISTING POLICIES	19
D. REMUNERATION MATTERS	19
1) REMUNERATION PROCESS	19
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	20
3) AGGREGATE REMUNERATION	20
4) STOCK RIGHTS, OPTIONS AND WARRANTS	21
5) REMUNERATION OF MANAGEMENT	21
E. BOARD COMMITTEES	22
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	22
2) COMMITTEE MEMBERS	23
3) CHANGES IN COMMITTEE MEMBERS	25
4) WORK DONE AND ISSUES ADDRESSED	25
5) COMMITTEE PROGRAM	25
F. RISK MANAGEMENT SYSTEM	26
1) STATEMENT ON EFFECTIVE OF RISK MANAGEMENT SYSTEM	26
2) RISK POLICY	26
3) CONTROL SYSTEM	27
G. INTERNAL AUDIT AND CONTROL	27
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	27
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function	28
(b) Appointment/Removal of Internal Auditor	28
(c) Reporting Relationship with the Audit Committee	28
(d) Resignation, Re-assignment and Reasons	29

	(e) Progress against Plans, Issues, Findings and Examination Trends	29
	(f) Audit Control Policies and Procedures	29
	(g) Mechanisms and Safeguards	30
H.	ROLE OF STAKEHOLDERS	30
I.	DISCLOSURE & TRANSPARENCY	32
J.	RIGHTS OF STOCKHOLDERS	34
	1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS	34
	2) TREATMENT OF MINORITY STOCKHOLDERS	37
K.	INVESTORS RELATIONS PROGRAM	38
L.	CORPORATE SOCIAL RESPONSIBILITY INITIATIVES	39
M.	BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL	39
L.	INTERNAL BREACHES AND SANCTIONS	39

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
---------------------------------------------------	----

Actual number of Directors for the year	11
-----------------------------------------	----

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Alfonso R. Reyno, Jr.	ED			June 27, 2008	July 23, 2012	Annual	4
Alfonso V.G. Reyno III	ED			June 27, 2008	July 23, 2012	Annual	4
Mariza Santos-Tan	ED			June 27, 2008	July 23, 2012	Annual	4
Pedro O. Tan	ED			June 27, 2008	July 23, 2012	Annual	4
Christopher G. Reyno	NED			June 20, 2010	July 23, 2012	Annual	2
Liberito V. Espiritu	NED			June 29, 2011	July 23, 2012	Annual	1
Derick N. Wong	NED			June 27, 2008	July 23, 2012	Annual	4
John Anthony B. Espiritu	NED			June 27, 2008	July 23, 2012	Annual	4
Ferdinand A. Domingo	ED			June 27, 2008	July 23, 2012	Annual	4
Victor P. Lazatin	ID			June 27, 2008	July 23, 2012	Annual	4
Felix R. Ang	ID			June 27, 2008	July 23, 2012	Annual	4

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Corporation's Manual on Corporate Governance states the policies adopted by the Board on the protection of the rights of every shareholder, especially the minority shareholders. The Manual provides that the Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely: (i) right to vote on all matters that require their consent or approval; (ii) pre-emptive right unless the same is denied in the articles of incorporation or an amendment thereto; (iii) right to inspect corporate books and records; (iv) right to information; (v) right to dividends; and (vi) appraisal right.

The Manual also provides that it shall be the duty of the Board to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. It is also the duty of the Board to be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation.

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

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

When necessary.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Alfonso R. Reyno, Jr.	Manila Jockey Club, Inc.	ED-Chairman
Alfonso V.G. Reyno III	Manila Jockey Club, Inc.	ED
Mariza Santos-Tan	Manila Jockey Club, Inc.	ED
Pedro O. Tan	Manila Jockey Club, Inc.	ED
Christopher G. Reyno	Manila Jockey Club, Inc.	NED
Liberito V. Espiritu	Manila Jockey Club, Inc.	NED
Derick N. Wong	Manila Jockey Club, Inc.	NED
John Anthony B. Espiritu	Manila Jockey Club, Inc.	NED
Ferdinand A. Domingo	Manila Jockey Club, Inc.	ED

(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.
N/A		

(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
Alfonso R. Reyno, Jr.	ARCO Management and Development Corporation	Chairman
	ARCO Equities, Inc.	Chairman
	ARCO Ventures, Inc.	Chairman
	Bonaventure Development Corporation	Chairman
Alfonso G. Reyno III	ARCO Ventures, Inc.	ED
	ARCO Management and Development Corporation	NED
	Bonaventure Development	NED

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

	Corporation	
	ARCO Equities, Inc.	NED
Christopher G. Reyno	ARCO Management and Development Corporation	NED
	ARCO Equities, Inc.	NED
	ARCO Ventures, Inc.	NED
	Bonaventure Development Corporation	NED

- (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? **NO**
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
Executive Director	The optimum number of directorships that the CEO and other executive directors can hold in other companies should take into consideration the capacity of such director to diligently and efficiently perform his duties and responsibilities.	The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.
Non-Executive Director		
CEO		

(c) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Alfonso R. Reyno, Jr.	14,582,704		6.13%
Alfonso V.G. Reyno III	1		
Mariza Santos-Tan	1		
Pedro O. Tan	1		
Christopher G. Reyno	1		
Liberito V. Espiritu	7,000		
Derick N. Wong	1		
John Anthony B. Espiritu	1		
Ferdinand A. Domingo	120,011		
Victor P. Lazatin	1		
Felix R. Ang	1		

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	Alfonso R. Reyno, Jr.
CEO/President	Alfonso R. Reyno, Jr.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Roles/ Accountabilities/ Deliverables	<ul style="list-style-type: none"> • Preside over all the meetings of the Board and stockholders and shall have a vote on all matters as all other directors; • Guide the Board in formulating company objectives, and assist the Corporation in developing the means for attaining those objectives; • Appoint other officers of the Corporation other than those appointed by the Board upon recommendation of the President and COO; • Exercise such powers and perform such duties as the Board of Directors may assign to him. 	<ul style="list-style-type: none"> • Oversee the day to day operations of the Corporation; • Implement the guidelines and policies laid down by the Board of Directors or by any committee to which the power to lay down guidelines and policies may be delegated by the Board of Directors in connection with the day-to-day operations of the Corporation; • Exercise such other powers and perform such other duties as the Chairman/CEO or the Board of Directors may from time to time fix or delegate.

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 of Directors elects the successor to the CEO/Managing Director/President and the top key management positions based on educational attainment, previous work experiences and practical understanding in the business of the corporation. They also consider the next-level positions if capable to handle such key management positions.

4) Other Executive, Non-Executive and Independent Directors

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

The Company ensures that the directors are members of good standing in relevant industry, business or professional organizations and have previous business experience.

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

The Company ensures that non-executive directors possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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

	Executive	Non-Executive	Independent Director
Role	All directors should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. They should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.		To provide independent judgment and outside experience and objectivity, not to subordinate to operational considerations on all issues which come before the board. Independent directors should acquire and maintain a sufficient detailed knowledge of the Corporation's business activities and current performance to enable to make decisions on the issued before the Board. Independent directors should be counted upon to ensure that advice and counsel are given to management.
Accountabilities			
Deliverables			
	All directors should (i) conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation; (ii) devote time and attention necessary to properly and effectively perform his duties and responsibilities; (iii) act judiciously; (iv) exercise independent judgment; (v) have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and where applicable, the requirements of relevant regulatory agencies; and (vi) observe confidentiality.		

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

The Corporation abides by the policy behind the appointment of an independent director that a non-executive director must not have a relationship with the Corporation that would "materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company." Moreover, any relationship that the independent director may have with the covered company must not compromise said director's objectivity and loyalty to the shareholders.

This policy is adopted in the nomination and election of the Corporation's independent directors.

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.

Pursuant to SEC Memorandum Circular No. 09-11, the Corporation has put a term limit of five (5) consecutive years for independent directors. After completion of the five-year service period, an independent director shall be ineligible for election as such in the Corporation unless the independent director has undergone a "cooling off" period of two (2) years, provided that during such period, the independent director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as an independent director in the same company. An independent director re-elected as such after the "cooling off" period can serve for another five (5) consecutive years under the above-stated condition.

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
N/A			

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

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Procedure for Nomination of Regular and Independent Directors	
(ii) Non-Executive Directors		
(iii) Independent Directors	<p>(1) The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company's information or statement or such other reports required to be submitted to the Securities and Exchange Commission.</p> <p>(2) All nominations for regular and independent directors shall be signed by the nominating stockholders, who must be of good standing, together with the acceptance and conformity by the would-be nominees. The nominations should specify whether the nomination is for regular or independent director.</p> <p>(3) All nominations must be submitted to the Nomination Committee at least five (5) days before the stockholders' meeting to enable the Nomination Committee to effectively pass upon the qualifications of all nominees for regular and independent directors.</p> <p>(4) After screening the qualifications of all nominees, the Nomination Committee shall prepare a Final List of Candidates of both regular and independent directors five (5) days before the stockholders' meeting. Both Lists shall contain all the information about all the nominees for regular director and independent director, as required by under the Securities Regulation Code ("SRC") and its Implementing Rules</p>	

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

This disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- (vi) Any person judicially declared as insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code

	committed within five (5) years prior to the date of his election or appointment.	
d. Temporary Disqualification		
(i) Executive Directors	<p>The board may provide for the temporary disqualification of a director for any of the following reasons:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;</p> <p>(i) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(ii) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted If the limit is later complied with;</p> <p>(iii) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p>	
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	Death, resignation, disqualification, or any other cause	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Not applicable.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Not applicable.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Name of Director	Votes Received
All the nominated directors were elected by acclamation.	

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any. **NONE**
- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: **None yet.**
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Alfonso G. Reyno III		Mandatory Continuing Legal Education	Chan-Robles
Ferdinand A. Domingo		Mandatory Continuing Legal Education	Chan-Robles

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	The Directors, officers and employees should act in the best interest of the Company and avoid any activity, interest, or association outside the Company that could impair their ability to perform their work objectively and effectively or that could give the appearance of interfering with their responsibilities on behalf of the Company or its clients. A conflict of interest occurs when the private interest of a director, officer or employee interferes or appears to interfere in any way with the interests of the Company as whole or when a director, officer or employee takes actions or has interests that make or appear to make it difficult to perform his or her Company work objectively and effectively.
(b) Conduct of Business and Fair Dealings	The Company seeks to outperform its competitors fairly and honestly through superior performance. We do not take unfair advantage of anyone through manipulation, concealment, abuse or privileged information, misrepresentation of facts or any other unfair dealing practice. We treat our employees and applicants for employment fairly and will not discriminate on account of gender, religion, age, nationality, family status or any other reasons prohibited by law. We treat everyone with respect and shall be guided by professionalism, integrity and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government regulators, creditors, creditors and employees.
(c) Receipt of gifts from third parties	We restrict the solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly in consideration of any act, omission or transaction of our Company favorable to such third person or entity with existing or intended

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	business dealings with our Company. A "gift" may be a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and benefits. The restriction shall not apply to: a) a gift of nominal value voluntarily given by a third person or entity to a director, officer or employee of our Company as souvenir or out of courtesy; or b) a gift given for charitable projects for the benefit of the poor or the general public.
(d) Compliance with Laws & Regulations	We shall comply with all laws and the rules and regulations of the regulatory agencies governing the business operations of our Company. In the performance of our duties, we shall at all times, be aware and adhere to the requirements, restrictions and limitations imposed by laws, rules and regulations and our Company's policies , rules and regulations.
(e) Respect for Trade Secrets/Use of Non-public Information (f) Use of Company Funds, Assets and Information	We maintain and safeguard the confidentiality of information entrusted to the directors, officers, and employees by our Company, except when disclosure is authorized or legally mandated. Confidential information includes any non-public information that might be of use to competitors, or harmful to our Company if disclosed. This confidentiality obligation shall survive our separation from our Company due to retirement, resignation, termination, expiration of term of office, or expiration or termination of contract, or any other cause. We shall not take undue advantage of material non-public information by dealing in the securities of our Company while in possession of such information. Material non-public information refers to any information that is likely to affect the market price of our Company's securities and is not yet publicly disclosed. We respect and uphold the confidential and proprietary information of other companies. We shall not knowingly appropriate, infringe or make an unauthorized use of a valid trademark, patent, trade secret or proprietary technology belonging to our Company or to another person or entity.
(g) Employment & Labor Laws & Policies	We shall comply with all laws and the rules and regulations of the regulatory agencies governing the business operations of our Company.
(h) Disciplinary action	The Company affords procedural and substantive due process to any employee found to have committed an offense against the corporation's established authority, policies and procedures, rules and regulations during office hours and within company premises. Thus, a Disciplinary Action Memorandum (DAM) should be initiated by any of the following persons: the section head or the department head of the subject employee or by any officer of the corporation. The DAM (notice) should state, among others, the offense charged and the duration which the employee is required to submit a reply. After the receipt of the reply, an investigations and/or hearings may be conducted.
(i) Whistle Blower	
(j) Conflict Resolution	

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes.
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Our Company's Corporate Governance Office has the specific task of implementing and monitoring corporate governance policies throughout the organization and the definition of the process by which such policies are implemented and monitored.

Department Heads have the responsibility for the monitoring, ensuring, and enforcing compliance with this Code within their area of jurisdiction. The Department Heads shall also be responsible for reporting non-compliance with this Code to their hierarchy or the Corporate Governance Office whenever appropriate, including taking or implementing disciplinary actions after proper exercise of due process.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company abides by the relevant provisions of the Corporation Code and has adopted company policies regarding related parties transactions requiring the full disclosure thereof in the Company's financial statements and in other Company reports. The Company fully discloses all related party transactions regardless of amounts in compliance with existing laws and standards, and ensures that they have the character of arm's length transactions to promote transparency.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	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.

	Directors/Officers/Significant Shareholders
Company	Not applicable.
Group	Not applicable.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Alfonso R. Reyno, Jr.	Family	Alfonso R. Reyno, Jr. is the father of directors Alfonso G. Reyno III, and Christopher G. Reyno.
Alfonso G. Reyno III	Family	
Christopher G. Reyno	Family	

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		

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

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

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	N/A
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

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

Board meetings are scheduled upon call of the Board.

- 2) Attendance of Directors

Board	Name	Date of	No. of	No. of	%
-------	------	---------	--------	--------	---

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

		Election	Meetings Held during the year	Meetings Attended	
Chairman	Alfonso R. Reyno, Jr.	July 23, 2012	6	6	100%
Member	Alfonso V.G. Reyno III	July 23, 2012	6	6	100%
Member	Mariza Santos-Tan	July 23, 2012	6	6	100%
Member	Pedro O. Tan	July 23, 2012	6	6	100%
Member	Christopher G. Reyno	July 23, 2012	6	5	83%
Member	Liberito V. Espiritu	July 23, 2012	6	6	100%
Member	Derick N. Wong	July 23, 2012	6	6	100%
Member	John Anthony B. Espiritu	July 23, 2012	6	6	100%
Member	Ferdinand A. Domingo	July 23, 2012	6	6	100%
Independent	Victor P. Lazatin	July 23, 2012	6	4	66%
Independent	Felix R. Ang	July 23, 2012	6	3	50%

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.

No. Pursuant to the Corporation's Amended By-Laws, a majority of the Directors shall constitute a quorum to do business, and all matters approved by a majority of the quorum duly assembled in session shall be valid as a corporate act.

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

Three (3) days.

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

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

Aside from the enumerated duties of the Corporate Secretary in the Corporation's By-Laws, the Corporate Secretary, who is also the General Counsel of the Corporation, prepares the board agenda with the approval of the Chairman and updates/informs the Directors on relevant statutory and regulatory changes.

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

Yes. He is a lawyer and is the Assistant Corporate Secretary for Manila Jockey Club, Inc.

(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 ☐

⁵ 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.

Committee	Details of the procedures
Executive	Any Director may request information he needs to prepare for meetings through the Corporate Secretary.
Audit	Same as above.
Nomination	Same as above.
Remuneration	Same as above.
Investment and Finance Committee	Same as above.

6) External Advice

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

Procedures	Details
N/A	

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	250,000.00	EVP-200,000.00 General Counsel-80,000.00
(2) Variable remuneration		
(3) Per diem allowance	NONE	NONE
(4) Bonus	NONE	NONE
(5) Stock Options and other financial instruments	NONE	NONE
(6) Others (specify)	NONE	NONE

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	Fixed	Fixed	Monthly
Non-Executive Directors	Per Diem	Fixed	Per Diem

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
Remuneration of Board of Directors	
Per Diem remuneration of Non-Executive Directors	

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	530,000.00	NONE	NONE
(b) Variable Remuneration	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE
(c) Per diem Allowance	35,000.00	72,500.00	20,000.00
(d) Bonuses	NONE	NONE	NONE
(e) Stock Options and/or other financial instruments	NONE	NONE	NONE
(f) Others (Specify)	NONE	NONE	NONE
Total	565,000.00	72,500.00	20,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A		
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			

(h) Others (Specify)			
Total	N/A	N/A	N/A

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A				

(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
N/A		

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
Atty. Peter Francis G. Zagala/ VP for Admin & Legal	398,000.00
Mr. Juan Antonio S. Gatuslao/ VP for Operations	
Mr. Rodolfo B. Reyno/ Chief Financial Officer	
Mr. David S. Nugent/ Corporation Communication Head	
Arch. Jennifer Bangayan/ Project Manager	

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	4			The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.			
Audit	2	2	1	<ul style="list-style-type: none">a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporations. This function shall include regular receipt from Management of information on risk exposures and risk management activities;c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;h) Review the reports submitted by the internal and external auditors;			

				<p>i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> Any change/s in accounting policies and practices Major judgmental areas Significant adjustments resulting from the audit Going concern assumptions Compliance with accounting standards Compliance with tax, legal and regulatory requirements. <p>j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;</p> <p>l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.</p>
Nomination		2	1	Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.
Remuneration	3		1	establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

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	ALFONSO R. REYNO, JR.	July 23, 2012	None	Not applicable	N/A	11mos.

Member (ED)	PEDRO O. TAN	July 23, 2012	None	Not applicable	N/A	11mos.
Member (ED)	MARIZA SANTOS-TAN	July 23, 2012	None	Not applicable	N/A	11mos.
Member (ED)	ALFONSO VICTORIO G. REYNO III	July 23, 2012	None	Not applicable	N/A	11mos.
Member		July 23, 2012	None	Not applicable	N/A	11mos.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	VICTOR P. LAZATIN	July 23, 2012	1	1	100%	11mos.
Member (ED)	MARIZA SANTOS-TAN	July 23, 2012	1	1	100%	11mos.
Member (NED)	DERICK WONG	July 23, 2012	1	1	100%	11mos.
Member (NED)	FERDINAND A. DOMINGO	July 23, 2012	1	1	100%	11mos.
Member (ED)	ALFONSO G. REYNO III	July 23, 2012	1	1	100%	11mos.

Disclose the profile or qualifications of the Audit Committee members.

They shall have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience.

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

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	JOHN ANTHONY B. ESPIRITU	July 23, 2012	None	Not applicable	N/A	11mos.
Member (ED)	FERDINAND A. DOMINGO	July 23, 2012	None	Not applicable	N/A	11mos.
Member (ID)	VICTOR P. LAZATIN	July 23, 2012	None	Not applicable	N/A	11mos.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	PEDRO O. TAN	July 23, 2012	None	Not applicable	N/A	11mos.
Member (ED)	ALFONSO G. REYNO III	July 23, 2012	None	Not	N/A	11mos.

				applicable		
Member (ED)	MARIZA SANTOS-TAN	July 23, 2012	None	Not applicable	N/A	11mos.
Member (ID)	FELIX ANG	July 23, 2012	None	Not applicable	N/A	11mos.

(e) Others (Specify) **N/A**

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						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

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	NONE	
Audit		
Nomination		
Remuneration		
Others (specify)		

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	No meetings conducted yet.	Not applicable.
Audit	Reviewed and approved the audited financial statement of the Corporation.	
Nomination	Reviewed and screened the nominees for independent and regular directors.	
Remuneration	No meetings conducted yet.	Not applicable.
Others (specify)		

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	None	Not applicable.
Audit	None	Not applicable.

Nomination	None	Not applicable.
Remuneration	None	Not applicable.
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

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

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

(c) Period covered by the review;

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

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

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

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

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

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:

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

(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:

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

(c) Minority Shareholders

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

Risk to Minority Shareholders
NONE

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:

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

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

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

(b) 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:

We have already started the application of a risk management system in the company; however, since the company just recently started full operations, said system was not fully implemented.

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 process designed, implemented, and maintained by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

Every year, our external auditors conduct an audit of our company. The results of their audit are reviewed by the Audit Committee. Efficacy and adequacy of our internal control system are thus reviewed and relayed also to directors.

(c) Period covered by the review. Financial Year 2012

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system? Once a year.

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

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsourced Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
Aids in the oversight function of the company's Audit Committee.	<p>The scope of the Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. It includes:</p> <ul style="list-style-type: none"> a. Reviewing the reliability and integrity of the financial statements to identify, measure, classify, and report such information b. Reviewing the systems established to ensure compliance with laws, regulations and policies which could have a significant impact on the organization is in compliance. c. Reviewing the means of safeguarding assets and, and d. Reviewing and appraising the economy and efficiency of operations e. Reviewing operations or programs to ascertain whether they are achieving their stated goals and whether the operations or programs are efficient f. Reviewing specific operations at the request of the Audit Committee g. Monitoring and evaluating the effectiveness of the internal control system h. Reviewing the quality of performance of external audit i. Review the internal control statement by senior management and the internal auditor for audit planning. 	In-house	Mr. Rodolfo B. Reyno (OIC)	The internal auditor functionally reports to the Audit Committee and administratively reports to the CEO.

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

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

The internal auditor functionally reports to the Audit Committee and administratively reports to the CEO. The internal auditor has direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None	

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

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

Progress Against Plans	Since the company just started its full operations, the internal audit system design is still in progress.
Issues⁶	Since the company just started its full operations, the internal audit system design is still in progress.
Findings⁷	Since the company just started its full operations, the internal audit system design is still in progress.
Examination Trends	Since the company just started its full operations, the internal audit system design is still in progress.

[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.]

(1) "Issues" are compliance matters that arise from adopting different interpretations.

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

(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
Since the company just started its full operations, the internal audit system design is still in progress.	

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

(g) Mechanism and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Since the company just started its full operations, the internal audit system design is still in progress.			

(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.

MJCI COMPLIANCE OFFICER: Atty. Chrizzellie K. Almendra

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Customers' welfare	We treat everyone with respect and shall be guided by professionalism, integrity and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government regulators, creditors, creditors and employees.
Supplier/contractor selection practice	Supplier/contractor selection practice	We treat everyone with respect and shall be guided by professionalism, integrity and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government regulators, creditors, creditors and employees.

Environmentally friendly value-chain	Environmentally friendly value-chain	We consider the impact of our operations, projects and transactions on the environment and the communities we serve and ensure compliance with environmental, safety and health regulations and standards.
Community interaction	Community interaction	We support socio-economic projects that improve the lives of the people within our community.
Anti-corruption programmes and procedures?	Anti-corruption programmes and procedures	We restrict the solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly in consideration of any act, omission or transaction of our Company favorable to such third person or entity with existing or intended business dealings with our Company.
Safeguarding creditors' rights	Safeguarding creditors' rights	We treat everyone with respect and shall be guided by professionalism, integrity and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government regulators, creditors, creditors and employees.

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

3) Performance-enhancing mechanisms for employee participation.

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

The Company conducts its business and maintains its workplace in accordance with applicable health, safety and environmental laws.

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

Since the company just started its full operations, the data is still in progress.

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

The Company recognizes that its human resources are its major assets hence, every officer and employee shall be given all the opportunities to enhance their skills and knowledge through sustained training and development programs conducted either in-house or by other companies and training institutions within or outside the country.

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

In recognition of and as an incentive for consistent above average performance, a promotion to a higher job grade or level may be given to deserving employees.

- 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.

Due course must be followed in any grievance complaint. This is to ensure that all employees are covered and that MJCI policies, procedures, and regulations will be applied as intended and without discrimination.

The proper grievance procedure is as follows:

1. Discuss the matter with your supervisor;
2. If the supervisor does not arrive with a satisfactory solution, bring the matter to the department manager;
3. If there is still no satisfactory solution, the matter should be forwarded to the HRODD.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Manila Jockey Club, Inc.	107,360,137	45.13%	None
PCD Nominee Corp.	104,361,688	43.87%	None
Alfonso R. Reyno, Jr.	14,582,704	6.13%	Alfonso R. Reyno, Jr.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Not applicable			
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	
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	NO

Attendance details of each director/commissioner in respect of meetings held	NO
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	P 350,000.00	None

4) Medium of Communication

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

The Company mails Notices to all its shareholders and posts relevant information on its website.

5) Date of release of audited financial report: July 2, 2012

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
Sierra Prime Properties Corporation	Affiliate	Cash Advances	5,000,000.00
		Sale of Assets & Liabilities	108,389,153.00
		Interest on Cash Advances	175,000.00
		Dividend on held for trading investments	4,139,195.00

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?

All related party transactions were properly approved by authorized officers. These were recorded and fully disclosed in the financial statements. The external auditor, SGV & Co., extensively reviews the related party transactions in the regular financial audit.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the subscribed capital stock
------------------------	------------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Unanimous approval of all stockholders
Description	Matter for approval is presented to the stockholders and if there is no opposition, the matter is considered approved.

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
None	

Dividends

Declaration Date	Record Date	Payment Date
N/A		

(d) Stockholders' Participation

- 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.

2. Measures Adopted	3. Communication Procedure
4. None	5.
6.	7.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Approval of the Amendment, authorization of additional shares and transfer of all or substantially all assets as provided under the Corporation Code.

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
 - a. Date of sending out notices:
NO. The Company follows the SEC Rules wherein atleast fifteen (15) business days prior to meeting.
 - b. Date of sending out notices:
Atleast fifteen (15) business days prior to meeting based on SRC Rules.
 - c. Date of the Annual/Special Stockholders' Meeting: July 23, 2012

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. None

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

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
Election of New members of the Board of Directors and Committee members	Unanimous	16.	17.
18.	19.	20.	21.

22. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: **N/A**

(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	Alfonso R. Reyno, Jr.	July 23, 2012			94%	

	Alfonso V.G. Reyno III Mariza Santos- Tan Pedro O. Tan Derick N. Wong Victor P. Lazatin Felix R. Ang Liberito V. Espiritu Christopher G. Reyno Ferdinand A. Domingo John Anthony B. Espiritu Lemuel M. Santos Juan Antonio S. Gatuslao Heather Ezra C. Annang		Proxies			
Special						

Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? Not Applicable.

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. Not Applicable.

(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	Deadline pursuant to the Securities and Regulation Code
Notary	N/A
Submission of Proxy	Atleast forty eight hours {48} before the meeting – By-Laws
Several Proxies	None
Validity of Proxy	One (1) day before the meeting
Proxies executed abroad	None
Invalidated Proxy	None
Validation of Proxy	One (1) day before the meeting
Violation of Proxy	None

(h) Sending of Notices

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

Policies	Procedure
Atleast fifteen (15) business days prior to Annual meeting notices of Annual/Special Stockholders' Meeting are sent in cd form via registered mail.	

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	433
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	July 2, 2012
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	July 2, 2012
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	YES

(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.	No. Profiles of directors are indicated in the Definitive Statement given to the stockholders.
The auditors to be appointed or re-appointed.	No. The Company's external auditor is indicated in the Definitive Statement given to the stockholders.
An explanation of the dividend policy, if any dividend is to be declared.	No. No stock dividends have been issued.
The amount payable for final dividends.	No. No stock dividends have been issued.
Documents required for proxy vote.	No. No proxy solicitation is sent with the Notice.

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
Right to vote on all matters	Ratification/Confirmation of all acts of Board of Directors and Board Committees during the

	Annual Stockholders' Meeting
Pre-emptive right to all stock issuance of the corporation	The Articles of Incorporation denies pre-emptive rights to shareholders to all stock issuances of the Corporation.
Right to inspect corporate books and records	Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.
Right to information	The minority shareholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. They have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information.
Right to dividends	They have the right to receive dividends.
Appraisal Right	They have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines.

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

K. INVESTORS RELATIONS PROGRAM

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

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the Organizational and Procedural controls supported by effective management information and risk management reporting systems; and (d) an Independent Audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- 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	Not Applicable.
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

- 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?

Those provided under the Corporation Code and the Securities and Regulation Commission.

- 4) Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. Independent Directors.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
None yet.	

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Nominated through the Nomination Committee	No case as such has been filed against any officer or director of the Company or against any corporation where said officers and directors are connected.
Board Committees	-same-	-same-
Individual Directors	-same-	-same-
CEO/President	-same-	-same-

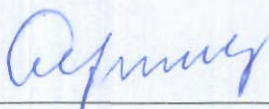
N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

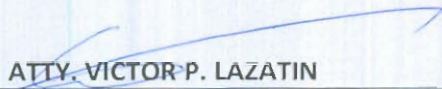
Violations	Sanctions
First Violation	Reprimand
Second Violation	Suspension from office shall be imposed and the duration of the suspension shall depend on the gravity of the violation
Third Violation	Removal from office

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 01 July, 2013.

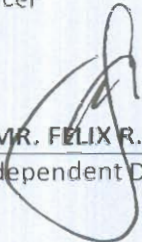
SIGNATURES



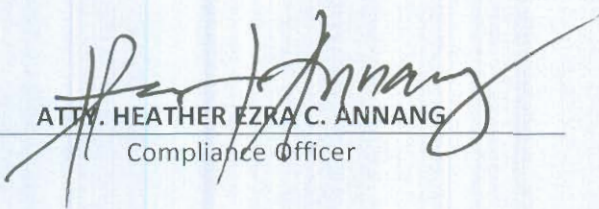
ATTY. ALFONSO R. REYNO, JR.
Chairman of the Board and Chief Executive Officer



ATTY. VICTOR P. LAZATIN
Independent Director



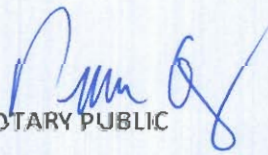
MR. FELIX R. ANG
Independent Director



ATTY. HEATHER EZRA C. ANNANG
Compliance Officer

SUBSCRIBED AND SWORN to before me this day of 01 JUL 2013, affiant(s) exhibiting to me their respective Tax Identification Numbers, as follows:

<u>Names</u>	<u>Tax Identification No.</u>	<u>Place of Issue</u>
Alfonso R. Reyno, Jr.	114-555-166	Philippines
Victor P. Lazatin	<u>125-673-098</u>	Philippines
Felix R. Ang	<u>111-378-764</u>	Philippines
Heather Ezra C. Annang	924-924-531	Philippines



NOTARY PUBLIC

ATTY. DENNIS C. ESPEJO

NOTARY PUBLIC

APPOINTMENT NO. M-228 (2013-2014)

Until December 31, 2014

PTR No. 3690520/ Jan. 16, 2013 – Makati City

IBP No. 917439/ Jan. 04, 2012 – Ilocos Sur

CITY OF MAKATI

Roll of Attorney No. 49352

Doc. No. 177 ;

Page No. 37 ;

Book No. 1 ;

Series of 2013.