

COVER SHEET

ANNEX "B"

PW 8 0 3

S.E.C. Registration Number

MANILA JOCKEY CLUB, INC.

(Company's Full Name)

14 TH FLOOR STRATA 100 BLDG.
F. ORTIGAS JR. ROAD
ORTIGAS CENTER, PASIG CITY

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

ATTY. HEATHER EZRA ANNANG

Contact Person

687-0120

Company's Telephone Number

2014 ANNUAL CORPORATE GOVERNANCE REPORT

1 2 3 1

Month Day Fiscal Year

ACGR

FORM TYPE

3 0

Month Day Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles N Section

Amended Articles N Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

Document I.D.

Document I.D.

Cashier

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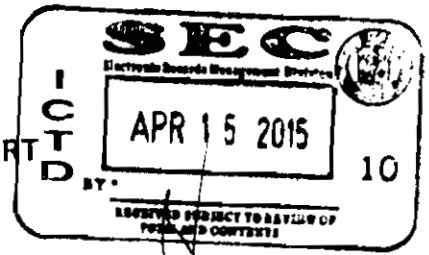
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SECURITIES AND EXCHANGE COMMISSION

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 | | MANILA JOCKEY CLUB, INC. |
| 3. | <u>San Lazaro Leisure and Business Park, Brgy. Lantic, Carmona, Cavite</u> Address of Principal Office | | 1003 Postal Code |
| 4. | SEC Identification Number | | PW-803 |
| 5. | Industry Classification Code | | [REDACTED] (SEC Use Only) |
| 6. | BIR Tax Identification Number | | 000-786-765-000 |
| 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 |

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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 nominated, identify the principal | Nominated 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) | Board when (Annual/Special Meeting) | No. of years served as director |
|--------------------------|---|--------------------------------------|---|--------------------|---|-------------------------------------|---------------------------------|
| Alfonso R. Reyno, Jr. | ED | | | 1997 | June 30, 2014 | Annual Meeting | 17 years |
| Mariza Santos-Tan | NED | | | 1997 | June 30, 2014 | Annual Meeting | 17 years |
| Alfonso V. G. Reyno III | ED | | | 1997 | June 30, 2014 | Annual Meeting | 17 years |
| Pedro O. Tan | NED | | | 1997 | June 30, 2014 | Annual Meeting | 17 years |
| Ferdinand A. Domingo | ED | | | 1995 | June 30, 2014 | Annual Meeting | 19 years |
| Luis Alberto M. Manalac | ID | Atty. Lemuel M. Santos | | Sept. 17, 2012 | June 30, 2014 | Annual Meeting | 2 years |
| Victor C. Fernandez | ID | Atty. Lenito T. Serrano | | Oct. 7, 2011 | June 30, 2014 | Annual Meeting | 3 years |
| Christopher G. Reyno | ED | | | 2002 | June 30, 2014 | Annual Meeting | 12 years |
| Patrick G. Reyno | ED | | | Oct. 07, 2011 | June 30, 2014 | Annual Meeting | 5 years |
| Ma. Luisa T. Morales | NED | | | June 28, 2013 | June 30, 2014 | Annual Meeting | 1 year |
| John Anthony B. Espiritu | NED | | | June 18, 2008 | June 30, 2014 | Annual Meeting | 6 years |

¹ Reckoned from the election immediately following January 2, 2014.

(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 adapted 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.

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

- *Every five (5) years or as needed.*

(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. | MJC Investments Corp. | ED – Chairman & CEO |
| Alfonso V. G. Reyno III | MJC Investments Corp. | ED – Vice President |
| John Anthony B. Espiritu | MJC Investments Corp. | NED |

(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: *None*

| Director's Name | Name of Listed Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also |
|-----------------|------------------------|--|
|-----------------|------------------------|--|

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

| | | |
|----------------|----------------|---------------------|
| | | the Chairman |
| Not applicable | Not applicable | Not applicable |
| | | |
| | | |

(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 Equities, Inc. (AEI) | Chairman of AEI |
| Alfonso V.G. Reyno III | Arco Equities, Inc. | Vice-President and Corporate Secretary of AEI |
| Christopher G. Reyno | Arco Equities, Inc. | Director of AEI |
| Patrick G. Reyno | Arco Equities, Inc. | Director & President of AEI |

(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 |
|---|--|---|
| Executive Director Non-Executive Director CEO | 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. |

(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. | 65,947,940 | | 6.62% |
| Mariza Santos-Tan | 5,190 | | 0.00% |
| Alfonso V. G. Reyno III | 959,732 | | 0.10% |
| Pedro O. Tan | 2,319,001 | | 0.23% |
| Ferdinand A. Domingo | 3,548,030 | | 0.36% |
| Luis Alberto M. Mañalac | 1 | | 0.00% |
| Victor C. Fernandez | 1 | | 0.00% |
| Christopher G. Reyno | 478,668 | | 0.05% |
| Patrick G. Reyno | 231,462 | | 0.02% |
| Ma. Luisa T. Morales | 9,567,750 | | 0.96% |
| John Anthony B. Espiritu | 1 | | 0.00% |

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. (Chairman and CEO) |
| CEO/President | Alfonso G. Reyno III (President and COO) |

(b) Roles, Accountabilities and Deliverables

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

| | Chairman | Chief Executive Officer |
|------------------------------------|---|---|
| Role/Accountabilities/Deliverables | i. To preside the meetings of the Board and shareholders; ii. To establish operating | i. Oversee the day to day operations of the ; ii. To implement the guidelines and policies |

| | | |
|--|---|---|
| | <p>policies, guide the Board in formulating company objectives and assist the Corporation in developing the means for attaining these objectives;</p> <p>iii. To supervise and manage the business affairs of the Corporation upon the direction of the Board of Directors;</p> <p>iv. To exercise such powers and perform such duties as the Board of Directors may assign to him.</p> | <p>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;</p> <p>iii. 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.</p> |
|--|---|---|

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

- *The Board of Directors consider next level positions, second and third positions based on educational qualifications, work experiences, moral values and standards. Succession plan based on seniority.*

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 Accountabilities Deliverables | | <p>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.</p> <p>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.</p> | <p>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.</p> |

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 |
|-----------------|----------|-------------------|--------|
| Not applicable. | | | |
| | | | |

(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 | <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,</p> |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | | |

together with the acceptance and conformity by the would-be nominees. The nominations should specify whether the nomination is for regular or independent director.

- (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.
- (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 and Regulations, which list shall be made available to the SEC and to the stockholders through the filing and distribution of the Information Statement.
- (5) Only nominees whose names appear on the Final List of Candidates for regular and independent directors shall be eligible for election as Regular and Independent Directors. No other nominations for both regular and independent director shall be entertained after the Final List of Candidates shall have been prepared by the Nomination Committee. No further nominations for regular and independent director shall be entertained or allowed on the floor during the actual annual/special stockholders' meeting.
- (6) Except as those required under the SRC and subject to pertinent existing laws, rules and regulations of the SEC, the conduct of the

| | |
|--------------------------------------|---|
| | <p>election of regular and independent directors shall be made in accordance with these rules of procedure.</p> <p>(7) The Company shall elect at least two (2) independent directors. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing at least two (2) independent directors. He shall ensure that at least two (2) independent directors are elected during the stockholders' meeting.</p> |
| b. Re-appointment | |
| (i) Executive Directors | Same as above. |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |
| c. Permanent Disqualification | |
| (i) Executive Directors | <p>The following shall be the grounds for the permanent disqualification for a director:</p> <p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment advise, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of nay of them;</p> <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 form: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund</p> |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |

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 subparagraphs (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

| | |
|--|--|
| | <p>other law administered by the Commission or BSP, or any of its rule regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(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;</p> <p>(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.</p> |
|--|--|

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>(iii) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in</p> |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |

| | |
|------------------------------|--|
| | <p>effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(iv) 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>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> |
| 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 | |

Voting Result of the last Annual General Meeting

| Name of Director | Votes Received |
|---|----------------|
| All the nominated directors were elected through <i>viva voce</i> . | |

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:
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

| Name of Director/Office | Date of Training | Program | Name of Training Institution |
|-------------------------|------------------|---------|------------------------------|
| NA | | | |
| | | | |

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. | | |

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

| | |
|--|--|
| | <p>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.</p> |
| <p>(c) Receipt of gifts from third parties</p> | <p>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.</p> <p>A "gift" may be a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and benefits.</p> <p>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.</p> |
| <p>(d) Compliance with Laws & Regulations</p> | <p>We shall comply with all laws and the rules and regulations of the regulatory agencies governing the business operations of our Company.</p> <p>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.</p> |
| <p>(e) Respect for Trade Secrets/Use of Non-public Information</p> | <p>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.</p> |
| <p>(f) Use of Company Funds, Assets and Information</p> | <p>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.</p> <p>We shall not take undue advantage of material non-public</p> |

| | |
|--|---|
| | <p>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.</p> <p>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.</p> |
| (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 | <p>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.</p> <p>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.</p> <p>After the receipt of the reply, an investigations and/or hearings may be conducted.</p> |
| (i) Whistle Blower | Not applicable. |
| (j) Conflict Resolution | Not applicable. |

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 | - see below- |
| (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 | |

- *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, or ensures that they have the character of arm's length transactions to promote transparency.*

(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, Patrick G. Reyno and Christopher G. Reyno. |
| Alfonso V. G. Reyno III | Family | |
| Patrick G. Reyno | 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 |
|---|----------------------|-------------------|
| Not applicable. | | |
| | | |

(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 |
|----------------------|---------------------------------------|--------------------------------------|
| Not applicable | | |
| | | |

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3)

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

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 | Not applicable. |
| 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 every month of the year.

2) Attendance of Directors

| Board | Name | Date of Election | No. of Meetings Held during the year | No. of Meetings Attended | % |
|-------------|-------------------------|------------------|--------------------------------------|--------------------------|------|
| Chairman | Alfonso R. Reyno, Jr. | June 30, 2014 | 10 | 10 | 100% |
| Member | Mariza Santos-Tan | June 30, 2014 | 10 | 9 | 90% |
| Member | Alfonso V.G. Reyno III | June 30, 2014 | 10 | 10 | 100% |
| Member | Pedro O. Tan | June 30, 2014 | 10 | 10 | 100% |
| Member | Ferdinand A. Domingo | June 30, 2014 | 10 | 10 | 100% |
| Member | Ma. Luisa T. Morales | June 30, 2014 | 10 | 9 | 90% |
| Member | John Anthony Espiritu | June 30, 2014 | 10 | 10 | 100% |
| Member | Christopher G. Reyno | June 30, 2014 | 10 | 10 | 100% |
| Member | Patrick G. Reyno | June 30, 2014 | 10 | 10 | 100% |
| Independent | Luis Alberto M. Manalac | June 30, 2014 | 10 | 10 | 100% |
| Independent | Victor C. Fernandez | June 30, 2014 | 10 | 10 | 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.

- 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.

- The Corporate Secretary is also the General Counsel of the Corporation.

(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 | Any Director may request information he needs to prepare for meetings through the Corporate |

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.

| | |
|----------------------------------|----------------|
| | Secretary. |
| Audit | Same as above. |
| Nomination | Same as above. |
| Remuneration | Same as above. |
| Investment and Finance Committee | Same as above. |
| Racing 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 |
|-----------------|---------|
| Not applicable. | |
| | |
| | |
| | |

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 | Industry figures | Industry figures |
| (2) Variable remuneration | As determined by the Board | As determined by the Board |
| (3) Per diem allowance | Fixed | None |
| (4) Bonus | As determined by the Board | As determined by the Board |
| (5) Stock Options and other financial | None | None |

| | | |
|----------------------|------|------|
| instruments | | |
| (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 | 7,298,000.00 | 3,060,000.00 | None |
| (b) Variable Remuneration | None | None | None |
| (c) Per diem Allowance | 581,000.00 | 512,000.00 | 182,000.00 |
| (d) Bonuses | None | None | None |
| (e) Stock Options and/or other financial instruments | None | None | None |

| | | | |
|----------------------|---------------------|---------------------|-------------------|
| (f) Others (Specify) | None | None | None |
| Total | 7,879,000.00 | 3,572,000.00 | 182,000.00 |

| Other Benefits | Executive-Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|---|---------------------|--|-----------------------|
| 1) Advances | None | None | None |
| 2) Credit granted | None | None | None |
| 3) Pension Plan/s Contributions | None | None | None |
| (d) Pension Plans, Obligations incurred | None | None | None |
| (e) Life Insurance Premium | 500.00 | None | None |
| (f) Hospitalization Plan | 79,010.00 | 79,010.00 | None |
| (g) Car Plan | None | None | none |
| (h) Others (Specify) | None | None | None |
| Total | 79,510.00 | 79,010.00 | |

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

| Director's Name | Number of Direct Option/Rights / Warrants | Number of Indirect Option/Rights / Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|-----------------|---|---|-----------------------------|----------------------------|
| 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 |
|----------------------------------|--|---------------------|
| Peter Francis G. Zagala | VP For Human Resource Admin. | 1,850,998.65 |
| Eduardo Luis Ramirez de Arellano | VP For Marketing | 1,397,733.33 |
| Nestor N. Ubalde | VP For Finance | 1,826,998.64 |
| Heather Ezra C. Annang | Corporate Information & Compliance Officer | 910,642.57 |
| TOTAL | | 5,986,373.19 |

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 |
|----------------------|-------------------------|------------------------------|---------------------------|-------------------|
| | Executive Director (ED) | Non-executive Director (NED) | Independent Director (ID) | |
| Executive | 2 | 2 | | None. |
| Audit | 2 | 1 | 1 | |
| Nomination | 2 | | 1 | |
| Remuneration | 1 | 2 | 1 | |
| Investment & Finance | 2 | 3 | | |
| Racing | 2 | | 1 | |

| Functions |
|----------------------|
| Key Responsibilities |
| Power |
| |

| | |
|----------------------|--|
| Executive Committee | Serves as the sounding board of the Chief Executive Officer and may act on any matter with the full authority of the Board. |
| Nomination Committee | Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors. |
| Audit Committee | <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 |

| | |
|------------------------|--|
| | <p>auditors;</p> <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> <p>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.</p> |
| Remuneration Committee | <p>a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</p> <p>b) Designated amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.</p> |

| | |
|----------------------------------|--|
| | <p>c) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.</p> <p>d) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>e) Disallow any director to decide his or her own remuneration.</p> <p>f) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.</p> <p>g) Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>h) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.</p> |
| Investment and Finance Committee | Proposes and evaluates viable investments and ventures which the Corporation may possibly enter into. |
| Racing Committee | Oversees continuance compliance with existing rules and regulations on racing imposed by regulatory agencies. Adopts/proposes current worldwide trends in horse racing . |

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. | June 30, 2014 | None | Not applicable | N/A | 6 mos. |
| Member (ED) | Alfonso V. G. Reyno III | June 30, 2014 | None | Not applicable | N/A | 6 mos. |
| Member (NED) | Mariza Santos-Tan | June 30, 2014 | None | Not applicable | N/A | 6 mos. |
| Member (NED) | Ma. Luisa T. Morales | June 30, 2014 | None | Not applicable | N/A | 6 mos. |

(b) Audit 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 | June 30, 2014 | 2 | 2 | 100% | 6 mos. |
| Member (ED) | Alfonso V. G. Reyno III | June 30, 2014 | 2 | 2 | 100% | 6 mos. |
| Member (ED) | Ferdinand A. Domingo | June 30, 2014 | 2 | 2 | 100% | 6 mos. |
| Member (ID) | Luis Alberto M. Mañalac | June 30, 2014 | 2 | 2 | 100% | 6 mos. |

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee members are directors with strong management and financial backgrounds. At least one independent director should be a member of the Audit Committee.

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

The Audit Committee approved the policies and procedures for the services of the external auditor.

(c) Nomination Committee

| Office | Name | Date of Appointment | No. of Meeting | No. of Meetings | % | Length of Service in |
|--------|------|---------------------|----------------|-----------------|---|----------------------|
|--------|------|---------------------|----------------|-----------------|---|----------------------|

| | | | Metings Held | Attended | % | Length of Service in the Committee |
|-------------|-------------------------|---------------|--------------|----------|------|------------------------------------|
| Chairman | Alfonso V. G. Reyno III | June 30, 2014 | 1 | 1 | 100% | 6 mos. |
| Member (ED) | Ferdinand A. Domingo | June 30, 2014 | 1 | 1 | 100% | 6 mos. |
| Member (ID) | Victor C. Fernandez | June 30, 2014 | 1 | 1 | 100% | 6 mos. |

(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 | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (NED) | Mariza Santos-Tan | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (ED) | Patrick G. Reyno | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (ID) | Luis Alberto M. Manalac | June 30, 2014 | None | Not applicable | n/a | 6 mos. |

(e) Others (Investment and Finance Committee)

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 | Alfonso R. Reyno, Jr. | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (NED) | Mariza Santos-Tan | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (NED) | Pedro O. Tan | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (NED) | Ma. Luisa t. Morales | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (ED) | Patrick G. Reyno | June 30, 2014 | None | Not applicable | n/a | 6 mos. |

Racing Committee

| Office | Name | Date of Appointment | No. of Meetings | No. of Meetings | % | Length of Service in |
|--------|------|---------------------|-----------------|-----------------|---|----------------------|
|--------|------|---------------------|-----------------|-----------------|---|----------------------|

| | | | Held | Attended | | the Committee |
|-------------|------------------------|---------------|------|----------------|-----|---------------|
| Chairman | Christopher G. Reyno | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (ED) | Alfonso V.G. Reyno III | June 30, 2014 | None | Not applicable | n/a | 6 mos. |
| Member (ID) | Victor C. Fernandez | June 30, 2014 | None | Not applicable | n/a | 6 mos. |

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

4) Work Done and Issues Addressed

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

| Name of Committee | Work Done | Issues Addressed |
|-------------------|---|------------------|
| Executive | 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. |
| Investment | No meetings conducted yet. | Not applicable. |
| Racing | No meetings conducted yet. | Not applicable. |

5) Committee Program

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

| Name of Committee | Planned Programs | Issues to be Addressed |
|-------------------|------------------|------------------------|
| Executive | None | Not applicable. |
| Audit | None | Not applicable. |
| Nomination | None | Not applicable. |
| Remuneration | None | Not applicable. |
| Investment | None | Not applicable. |
| Racing | None | Not applicable. |

i) RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;
Risk management system design still in progress.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
Risk management system design still in progress.

(c) Period covered by the review;
Risk management system design still in progress.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
Risk management system design still in progress.

(e) Where no review was conducted during the year, an explanation why not.
Risk management system design still in progress.

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 |
|---------------|---|-----------|
| | <i>Risk management system design still in progress.</i> | |

| | | |
|--|--|--|
| | | |
| | | |
| | | |
| | | |

(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 |
|---------------|---|-----------|
| | <i>Risk management system design still in progress.</i> | |

(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:

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|---------------|---|---|
| | <i>Risk management system design still in progress.</i> | |
| | | |
| | | |

(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) |
|---------------|--|---|
| | <i>Risk management system design still in progress.</i> | |
| | | |
| | | |
| | | |

(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 |
|----------------|---|--------------------------|
| | <i>Risk management system design still in progress.</i> | |
| | | |

j) 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 internal control system of MJCI is integrated into the company through laws, policies, and procedures that affect daily operations and management. Employees are informed of on updates and/or implementation of new policies through memorandums.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

| | |
|---|---|
| Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements. | AUDIT COMMITTEE CHARTER. Responsibilities on Financial Statements; par. 5, p.3. |
| Discuss the annual audited financial | AUDIT COMMITTEE CHARTER. Responsibilities |

| | |
|---|---|
| statements and quarterly financial statements with management and the external auditors, including the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations". | on Financial Statements; par. 7, p.3. |
| Review disclosures made by the CEO and CFO about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the company's internal controls. | AUDIT COMMITTEE CHARTER. Responsibilities on Financial Statements; par. 8, p.3. |
| ...the committee will, at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities... | AUDIT COMMITTEE CHARTER. Responsibilities on External Audit; par. 2-1, p.4. |

(c) Period covered by the review;
Financial Year 2014

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
Regularly report to the board of directors about committee activities and issues that arise with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance and independence of the company's independent auditors, and the performance of the internal audit function.

(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 |
|---------------------------------------|--|
| Aids in the oversight function of the | 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 |

| | |
|--|---|
| <p>company's Audit Committee. (INTERNAL AUDIT CHARTER; Role, p.1.)</p> | <p>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 and operating information and the means used to identify, measure, classify, and report such information. b. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the organization is in compliance. c. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets. d. Reviewing and appraising the economy and efficiency with which resources are employed. e. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned. f. Reviewing specific operations at the request of the Audit Committee or management, as appropriate. g. Monitoring and evaluating the effectiveness of the organization's risk management system. h. Reviewing the quality of performance of external auditors and the degree of coordination with internal audit. i. Review the internal control statement by senior management and the related opinion by the attest auditor for audit planning. (INTERNAL AUDIT CHARTER; Audit Scope, p.2-3.) |
|--|---|

| | |
|--------------------------------|--|
| INTERNAL AUDIT FUNCTION | In-house |
| NAME OF CHIEF INTERNAL AUDITOR | Mr. Bernardo B. Callado |
| REPORTING PROCESS | A written report will be prepared and issued by the Head of Internal Audit or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Chief Executive Officer and the Chairman of the Audit Committee. The Head of Internal Audit or designee may include in the audit report the auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed. In cases where a response is not included |

| | |
|--|---|
| | <p>within the audit report, management of the audited area should respond, in writing, within thirty days of publication to Internal Auditing and those on the distribution list. Internal Audit shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared by the Chief Audit Executive or the Audit Committee. (INTERNAL AUDIT CHARTER; Reporting, p.3-4.)</p> |
|--|---|

(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 Head of Internal Audit shall report administratively to the Chief Executive Officer and functionally to the Audit Committee of the Board of Directors. (INTERNAL AUDIT CHARTER; Organization, p.2.)*

(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 |
|---------------------|--------|
| NA | |
| | |
| | |

(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 | Assignments are taken up according to the audit plan. |
| Issues ⁶ | Every material issue is given appropriate attention and |

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

| | |
|-----------------------------|---|
| | further investigation. |
| Findings⁷ | Material findings are reported to the board. Recommendations, as remedies, are provided also to management for consideration for application. |
| Examination Trends | Findings and recommendations by Internal Audit are reviewed and are directed for application to management. |

[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:

- c. Preparation of an audit plan inclusive of a timeline and milestones;
- d. Conduct of examination based on the plan;
- e. Evaluation of the progress in the implementation of the plan;
- f. Documentation of issues and findings as a result of the examination;
- g. Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- h. 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 |
|--|-----------------------|
| Establishment of role and function | Implemented |
| Adherence to a set of professional standards | Implemented |
| Full, free, and unrestricted access to any and all records, property, and personnel. | Implemented |
| Direct reporting relationship to the Board of Directors | Implemented |
| Establishment & maintenance of independence from management | Implemented |
| Scope of audit function | Implemented |
| Establishment of audit planning and process | Implemented |
| Periodic assessment of performance and efficiency | Implemented |

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the

⁷ “Findings” are those with concrete basis under the company’s policies and rules.

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 Auditor | All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. Internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited. (INTERNAL AUDIT CHARTER. Independence; p.2.) | | |
| External Auditor | At least annually, obtain and review a report by the independent auditor...and (to assess the auditor's independence) all relationships between the independent auditor and the company. (AUDIT COMMITTEE CHARTER. Responsibilities (External Audit, par. 2-1, p.5.) | | |
| Investment Banks | All short term investments with Banco de Oro Inc. (BDO) were approved by both the Chief Finance Officer (CFO) and Treasurer. The terms and conditions of these placements were covered by agreements; they were properly recorded and disclosed in the books. Likewise, the terminations of placements were approved by both the CFO and Treasurer. | | |
| Financial Analysts | Discuss earnings press releases (particularly use of "pro-forma", or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The audit committee does not need to discuss each release in advance. (AUDIT COMMITTEE CHARTER. Responsibilities; Financial Statements, par. 9, p.3.) | | |
| Rating Agencies | Discuss earnings press releases (particularly use of "pro-forma", or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The audit committee does not need to discuss each release in advance. (AUDIT COMMITTEE | | |

| | |
|--|--|
| | CHARTER. Responsibilities; Financial Statements, par. 9, p.3.) |
|--|--|

(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 Corporate Governance Officer.*

k) ROLE OF STAKEHOLDERS

a. Disclose the company's policy and activities relative to the following:

| | Policy | Activities |
|--|---|------------|
| 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. | None. |
| 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. | None. |
| 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 | None. |

| | | |
|---|--|--|
| | health regulations and standards. | |
| Community interaction | We support socio-economic projects that improve the lives of the people within our community. | We conduct yearly free medical and dental services for the residents of the nearby communities to our race track in Carmona, Cavite. |
| 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. | None. |
| 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. | None. |

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

Yes.

c. Performance-enhancing mechanisms for employee participation.

i. 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.

ii. Show data relating to health, safety and welfare of its employees.

SICKNESS

AFFECTED

INTERVENTION

| | <u>EMPLOYEES</u> | |
|-----------------|-------------------------|---|
| COUGH AND COLDS | 30 | Medical Assistance (Check-up & Medicines) |
| HEADACHE | 18 | Medical Assistance (Check-up & Medicines) |
| EPIGASTRIC PAIN | 10 | Medical Assistance (Check-up & Medicines) |
| HYPERTENSION | 14 | Medical Assistance (Check-up & Medicines) |
| WOUNDS | 5 | Medical Assistance (Check-up & Medicines) |
| DIARRHEA | 5 | Medical Assistance (Check-up & Medicines) |
| MUSCLE PAIN | 10 | Medical Assistance (Check-up & Medicines) |
| TOOTHACHE | 1 | Medical Assistance (Check-up & Medicines) |

iii. 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.*

2014 OUTSIDE TRAININGS

| TITLE | ATTENDEE/S | DEPARTMENT / DIVISION |
|---|------------|--|
| 81st PVMA Annual Convention & Scientific Conference | 3 | STABLE ADMINISTRATION |
| Company Policy: Elements of Administrative Investigation and Progressive Discipline | 3 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Updates on Labor Law | 3 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| First Aid Training for Sportsmen and Basic Life Support Course/s | 3 | MEDICAL DEPARTMENT |
| Hiring Effective Employees | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Electronic Records Management | 2 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| AutoCAD 2014 Training | 1 | BUILDING & GROUNDS |
| Basic and Refresher Course for Pollution Control Officers (PCOs) | 1 | RACETRACK STARTING GATE MAINTENANCE |
| RTIPC Convention | 2 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Effective Business Writing (Memos, Emails, Agenda and Meeting Minutes) | 2 | SLLBP ADMIN |
| Seminar on Withholding Tax, BIR Tax Issuances, & The New BIR Foms | 3 | ACCOUNTING |
| Financial Statements Analysis | 2 | ACCOUNTING |
| Basic and Advanced Excel Training for CPAs | 1 | ACCOUNTING |
| Basic Accounting for Non Accountants | 2 | ACCOUNTING |

| | | |
|--|---|---|
| Techniques in Understanding and Reading Financial Statement | 1 | ACCOUNTING |
| PFRS Updates 2014 and Beyond | 2 | ACCOUNTING |
| Tripartite Industrial Peace Council | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Audit of Construction Projects | 1 | AUDIT |
| Orientation on the Psychology Licensure Exam & Creating Outcome-Based Assessments | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Seminar on Taxation of PEZA & Common Issues on Value-Added Tax | 1 | FINANCE |
| Communicating Clinical Assessment Results | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Innovative Credit and Effective Collection Strategies for Better Business Return | 2 | BILLING & COLLECTION |
| 8th HR & Training Congress: HR Agenda gearing Up Towards ASEAN Integration | 3 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| ACPACI and PICPA Joint Annual Convention: #movingforward | 2 | FINANCE & ACCOUNTING |
| All Managers are HR Managers | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Developing Future Leaders | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Handling / managing Problem employee in the organization | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Managerial / Supervisory Leadership Program | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Fundamentals of Records Information Management | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| ECOP: Compensation Benefits | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Manualizing Work Systems: Key to Management Efficiency & Excellence | 2 | SYSTEMS, POLICIES & PROCEDURES |
| Effective Administrative Investigation in the Workplace | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Expenditures Taxation: A Comprehensive Seminar to Achieve Tax Compliance in the Local Accounts Payable Process | 1 | ACCOUNTING |
| Accounting for Non Accountant | 1 | ACCOUNTING |
| A Workshop on the Preparation of the Statement of Cash Flows | 1 | ACCOUNTING |
| 2014 Tax Updates | 1 | ACCOUNTING |
| Basic Customer Service Skills Training | 3 | MARKETING/ HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |

| | | |
|---|---|---|
| Fringe Benefits Tax and Employee's Withholding Tax: Issues and Updates of Employee Benefits Taxation | 5 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT/ACCOUNTING |
| Everything You Don't Know About VAT: Value-Added Tax, Expanded Withholding Tax and Other Business Taxes | 1 | ACCOUNTING |
| Effective Job Evaluation and Job Analysis & Writing Effective Job Description | 3 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |
| Preparing Quality Audit Workpaper | 1 | AUDIT |
| Playing IMPROVS Training Games | 1 | HUMAN RESOURCES & ORGANIZATION DEVELOPMENT |

2014 IN-HOUSE TRAININGS

| Date | Title | No. of Participants |
|-----------------|---|---------------------|
| Feb 20-21 | Lifestyle Diseases Seminar | 10 |
| May15,16,22,23 | Mandatory Benefits Seminar | 12 |
| April-June 2014 | Teller's Seminar | 20 |
| Sept. 24, 2014 | BOSH Seminar | 10 |
| Oct. 10 | Lifestyle Diseases and Effect of Smoking & Drinking | 10 |

- iv. 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.*
- d. 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

a. Ownership Structure

- i. Holding 5% shareholding or more

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|-------------------------|------------------|---------|------------------|
| PCD Nominee Corporation | 536,397,424 | 53.85% | None |
| ARCO Equities, Inc. | 98,770,857 | 9.92% | None |
| Alfonso R. Reyno, Jr. | 65,947,940 | 6.62% | None |
| Exequiel D. Robles | 56,911,100 | 5.71% | None |

| Name of Senior Management | Number of Direct Shares | Number of Indirect Shares/ Through (name of record owner) | % of Capital Stock |
|---------------------------|-------------------------|---|--------------------|
| <i>Not Applicable</i> | | | |
| | | | |
| | | | |
| | | | |
| TOTAL | | | |

b. 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 (<i>at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies</i>) 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.

c. External Auditor's fee

| Name of auditor | Audit Fee | Non-audit Fee |
|-----------------|------------|---------------|
| SGV & Co. | P1,500,000 | None. |

d. 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.

e. Date of release of audited financial report:

June 5, 2014

f. 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.

g. Disclosure of RPT

| RPT | Relationship | Nature | Value |
|--|--------------|--------------------------|------------|
| ARCO Management Development Corporation (AMDC) | Subsidiary | - Lease of Office Space | P6,667,610 |
| MJC Investments Corp. | Associate | - Advances to Subsidiary | P1,133,990 |

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 with subsidiaries, SPE and associate 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.

m) 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 | More than ½ 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 not in The Corporation Code |
|--|---|
| None. | |
| | |
| | |

Dividends

| Declaration Date | Record Date | Payment Date |
|-------------------------|--------------------|---------------------|
| April 8, 2014 [Cash] | May 30, 2014 | June 16, 2014 |

| | | |
|-------------------------|-------------------|-------------------|
| April 8, 2014 [Stock] | July 14, 2014 | August 7, 2014 |
| May 30, 2013 [Cash] | June 18, 2013 | June 28, 2013 |
| May 30, 2013 [Stock] | July 18, 2013 | August 13, 2013 |
| October 24, 2012 [Cash] | November 12, 2012 | November 26, 2012 |
| March 7, 2012 [Cash] | March 28, 2012 | April 18, 2012 |
| May 25, 2011 [Cash] | June 15, 2011 | June 30, 2011 |
| 2010 | N/A | N/A |
| 2009 | N/A | N/A |
| April 16, 2008 [Cash] | May 12, 2008 | June 4, 2008 |
| June 18, 2008 [Stock] | January 19, 2011 | February 14, 2011 |

(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 |
|------------------|-------------------------|
| None | |
| | |

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

- *Approval of the Amendment, authorization of additional shares and transfer of all or substantially all assets as provided under 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?
 - o *NO. The Company follows the SEC Rules wherein at least fifteen (15) business days prior to meeting.*
 - a. Date of sending out notices:
 - *At least fifteen (15) business days prior to meeting based on SRC Rules or June 5, 2014*

b. Date of the Annual/Special Stockholders' Meeting:

- June 30, 2014

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

- None.

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

| Resolution | Approving | Dissenting | Abstaining |
|---|-----------|------------|------------|
| Election of New members of the Board of Directors and Committee members | Unanimous | | |
| Approval of Declaration of Cash and Stock Dividends | Unanimous | | |
| Increase in the Authorized Capital Stock from P1 Billion to P2 Billion | Unanimous | | |

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

- Not Applicable.

(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. Alfonso V.G. Reyno III Mariza Santos-Tan Pedro O. Tan Ma. Luisa T. Morales Victor C. Fernandez Luis Alberto M. Mañalac Patrick G. Reyno Christopher G. Reyno Ferdinand A. Domingo John Anthony B. Espiritu Lemuel M. Santos Juan Antonio S. Gatuslao Heather Ezra C. Annang | June 30, 2014 | Proxies | | 72% | |
| Special | Not applicable. | | | | | |

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

(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.

(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 |
|---|-------------------------------------|
| At least fifteen (15) business days prior to Annual meeting | Sending 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 | 981 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | June 5, 2014 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | June 5, 2014 |
| State whether CD format or hard copies were distributed | Yes |
| If yes, indicate whether requesting stockholders were provided hard copies | Only if requested by the 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 (<i>at least age, qualification, date of first appointment, experience, and directorships in other listed companies</i>) 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 thereto.

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 | <p>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.</p> <p>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.</p> |
| 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.

n) 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.

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

- The Independent Directors.

o) CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

| Initiative | Beneficiary |
|---|--|
| organizes a medical and dental mission at San Lazaro Leisure Park | residents surrounding barangays, as well as the nearby towns of Biñan, and GMA in Cavite |

p) 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- |


q) 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

| Violation | Sanctions |
|------------------|---|
| First Violation | Subject person shall be reprimanded |
| 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 PASIG CITY on 15 APR 2015 2015.

SIGNATURES


ALFONSO R. REYNO, JR.
 Chairman of the Board & CEO


LUIS ALBERTO M. MANALAC
 Independent Director


VICTOR C. FERNANDEZ
 Independent Director

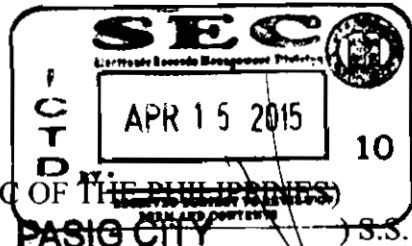

HEATHER EZRA C. ANNANG
 Compliance Officer

SUBSCRIBED AND SWORN to before me this 15 APR 2015, affiant(s) exhibiting to me their Tax Identification Nos., as follows:

| NAME | TAX IDENTIFICATION NO. | PLACE OF ISSUE |
|-------------------------|------------------------|----------------|
| ALFONSO R. REYNO, JR. | 114-555-166 | Philippines |
| LUIS ALBERTO M. MAÑALAC | 188-074-945-000 | Philippines |
| VICTOR C. FERNANDEZ | 155-565-214 | Philippines |
| HEATHER EZRA C. ANNANG | 924-924-531 | Philippines |


JING-JING S. ROMERO
 NOTARY PUBLIC
 APPOINTMENT NO. 174 (2014-2015)
 UNTIL DECEMBER 31, 2015
 PTR NO. 382204-01-07-15/PASIG CITY
 IBP NO. 987930/01-08-15/QUEZON CITY
 CITY OF PASIG
 ROLL OF ATTORNEY NO. 60827

No. 368
 Page No. 75
 Book No. +
 Series of 2015.



REPUBLIC OF THE PHILIPPINES
CITY OF PASIG CITY) S.S.

CFO'S CERTIFICATION

I, Nestor N. Ubalde, of legal age, Filipino and with office address at 14th Flr., Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City, after being sworn in accordance with law, hereby certify that:

1. I am the Chief Financial Officer of Manila Jockey Club, Inc., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. PW00000803 with principal office address at 14th Flr. Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City.
2. The Financial Statements ("F/S") diskette submitted contains the exact data stated in the hard copies of the 2014 F/S of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of SEC.

WITNESS MY HAND on this 14 of APR 2015, 2015 at PASIG CITY Philippines.


Nestor N. Ubalde
Chief Financial Officer

SUBSCRIBED AND SWORN to before me on this 14 day of APR 2015 at PASIG CITY
Affiant exhibited to me her Passport No. EB1121799 issued on Oct 6, 2010 at Offices.

Doc. No.: 38
Page No.: 9
Book No.: III
Series of 2015

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 102 (2015-2016)
UNTIL DECEMBER 31, 2016
PTR NO. 382202/01-07-15/PASIG CITY
IBP NO. 984771/01-07-15/MAKATI CITY
CITIES OF PASIG, TAGUIG, SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018