



THE PHILIPPINE STOCK
EXCHANGE, INC.

Corporate Governance Guidelines
for
Listed Companies
Disclosure Template

	COMPLY	EXPLAIN
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	Yes	
1.2 Have a well developed business strategy.	Yes	
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	Yes	
1.4 Have its board continually engaged in discussions of strategic business issues.	Yes	
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1. Have a board composed of directors of proven competence and integrity.	Yes	
2.2. Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner.	Yes	
2.3 Have at least three (3) of thirty percent (30%) of its directors as independent directors.	No	The Company has two (2) independent directors out of nine (9) directors in compliance with SEC Memorandum Circular No. 6 Series of 2009 and Securities and Regulations Code ("SRC") which requires two (2) independent directors or twenty percent (20%) of the total number of directors, whichever is lesser.
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	Yes	
2.5 Have Audit, Risk, Governance and Nomination & Election Committees of the board.	Yes.	The Company has no Risk and Governance Committees. The creation of both committees is not required under the SRC or the rules of the Securities and Exchange Commission ("SEC"). While it does not formally have a Risk and Governance Committee, the Audit and Compliance Committee carries out the risk management function.
2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.	No	While the Chairman and CEO positions are held by the same person, the Vice-Chairman position in the



		<p>Company is held by a person not related to the Chairman/CEO. Under the By-Laws of the Company, the Chairman does not perform an executive function.</p> <p>Further, the committees of the Board, which include independent directors as members, ensure that independence is maintained in all decisions made by the Board. The current Chairman is not a member of the Nomination and Compensation Committee of the Board.</p>
2.7	Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	Yes
2.8	Have in place a formal board and director development program.	<p>No</p> <p>While there is no formal Board and director development program, all directors are made aware of their obligations, duties and responsibilities under the general Corporation Code of the Philippines, the Securities and regulations, Articles of Incorporation, By-Laws, and Corporate Governance Manual of the Corporation and relevant regulations of the PSE.</p> <p>In addition, the directors of the Company attend corporate governance training seminars as required by the SEC pursuant to SEC Memorandum Circular No. 20 Series of 2013.</p>
2.9	Have a corporate secretary.	Yes
2.10	Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	Yes
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1	Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	Yes
3.2	Have a comprehensive enterprise-wide compliance program that is annually reviewed.	Yes
3.3	Institutionalize quality service programs for the internal audit function.	Yes

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3.4	Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	Yes	
3.5	Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	No.	This is not formally practiced but the Company ensures that a sound and effective internal audit, control and compliance system is in place. Moreover, the Chairman, Chief Executive Officer, Chief Financial Officer of the Company annually executes under oath a Statement of Management's Responsibility attesting to, among others, the sound internal audit control and compliance system of the Company.
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS			
4.1	Have its board oversee the company's risk management function.	Yes	
4.2	Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	Yes	
4.3	Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	No	Please see 3.5 and 4.2.
4.4	Have a unit at the management level, headed by a Risk Management Officer ("RMO").	No	The Company has not designated an RMO but ensures that risk management is faithfully observed.
4.5	Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	Yes	
4.6	Seek external technical support in risk management when such competence is not available internally.	Yes	
Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION			
5.1	Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	Yes	For the year 2014, the external auditor did not perform non-audit service for the Company. However, as a policy, where non-audit services are to be performed by the Company's external auditor, the Audit Committee



		shall approve all non-audit services conducted and will ensure that the non-audit fees do not outweigh the fees earned from the external audit.
5.2	Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Yes
5.3	Ensure that the external auditor has adequate quality control procedures.	Yes
5.4	Disclose relevant information on the external auditors.	Yes
5.5	Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	Yes
5.6	Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	No
		There are no regular meetings. However, the Audit & Compliance Committee is free to inquire from or discuss with the external audit team whenever there is a need to clarify issues arising from the audit.
5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	Yes
5.8	Have a policy of rotating the lead audit partner every five years.	Yes
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP		
6.1	Adopt the principle of "one share, one vote."	Yes
6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Yes
6.3	Have an effective, secure and efficient voting system.	Yes
6.4	Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Yes
6.5	Provide all shareholders with the notice and agenda of the annual general meeting ("AGM") at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	No
		Article II, Section 4 of the Company's By-Laws provides, " Section 4. Notice of meeting – Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, or by mail by facsimile transmission to each stockholder of record at his last known post office address or facsimile number, or by



	<p>publication in a newspaper of general circulation within such period as may from time to time required by law or regulation..."</p> <p>Pursuant to the Company's By-Law provision above-quoted, the Company observes the periods provided in the Corporation Code, SRC and rules of the PSE in sending the notice and agenda of its annual stockholders' meeting, as follows:</p> <ol style="list-style-type: none">1. Written notice of regular meetings shall be sent to all stockholders or members of record at least two (2) weeks prior to the meeting, unless a different period is required by the by-laws. (Sec. 50, Corporation Code)2. Special meetings of stockholders or members shall be held at any time deemed necessary or as provided in the by-laws: Provided, however, That at least one (1) week written notice shall be sent to all stockholders or members, unless otherwise provided in the by-laws. (Rule 20.10, SRC and Sec. 50, Corporation Code)3. Written notice and agenda of special meetings is sent to all stockholders at least one (1) week prior to a special stockholders' meeting. (Sec. 50, Corporation Code)4. Notice of the meeting is given to the PSE at least ten (10) trading days prior to the record date of the stockholders' meeting. (Section 6.1, PSE Revised Disclosure Rules) <p>The Corporation also ensures that the notice and</p>
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		agenda for the Annual Stockholders' Meeting is published in at least two (2) newspaper of general circulation within the period required by law or regulation.
6.6	Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	Yes
6.7	Ensure that all relevant questions during the AGM are answered.	Yes
6.8	Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	Yes
6.9	Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	Yes
6.10	Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	Yes
6.11	Have a communications strategy to promote effective communication with shareholders.	Yes
6.12	Have at least thirty percent (30%) public float to increase liquidity in the market.	Yes
6.13	Have a transparent dividend policy.	Yes
Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME		
7.1	Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	Yes
7.2	Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Yes
7.3	Disclose its director and executive compensation policy.	Yes
7.4	Disclose names of groups or individuals who hold 5% or more ownership	Yes



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	interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.		
7.5	Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.	Yes	The Corporation timely discloses its annual and quarterly consolidated reports, cash flow statements and special audit revisions. The Corporation submits its Audited Financial Statements with the SEC within One Hundred Five (105) calendar days after the end of its fiscal year pursuant to Rule 17.2 of the SRC. It publishes its interim reports within forty-five (45) calendar days from the end of the reporting period pursuant to Rule 17.2 of the SRC.
7.6	Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	Yes	
7.7	Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	Yes	
7.8	Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g share buy-back program).	Yes	
7.9	Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Yes	
Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS			
8.1	Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well as the community, environment and other key stakeholder groups.	Yes	



8.2	Have in place a workplace development program.	Yes	
8.3	Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	Yes	
8.4	Have in place a community involvement program.	Yes	
8.5	Have in place an environment-related program.	Yes	
8.6	Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	Yes	
Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING			
9.1	Develop and disclose a policy governing the company's transactions with related parties.	Yes	
9.2	Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Yes	
9.3	Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	No	There is no voting system established to specifically deal with the approval of specific types of related party transactions ("RPT"). However, the Corporation applies the pertinent provisions of the Corporation Code regarding RPT, specifically Sections 31 to 34 which prohibit self-dealing and conflicts of interest of directors and officers to ensure that the Company does not engage in abusive related party transactions and insider trading and that all its transactions are conducted at an arm's length basis.
9.4	Have its independent directors or audit committee play an important role in reviewing significant RPTs.	Yes	

9.5	Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	Yes	
9.6	Have a clear policy in dealing with material non-public information by company insiders.	Yes	
9.7	Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	Yes	
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT			
10.1	Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	Yes	
10.2	Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Yes	
10.3	Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	Yes	
10.4	Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	Yes	
10.5	Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	Yes	
10.6	Respect intellectual property rights.	Yes	
10.7	Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	Yes	



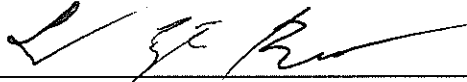
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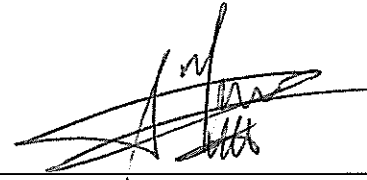
Date: 23 March 2014

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 23rd of March 2014 in Makati City.



LEONOR M. BRIONES
Independent director



ANTONIO L. TIU
President and CEO