



**THE PHILIPPINE STOCK
EXCHANGE, INC.
Corporate Governance Guidelines
for
Listed Companies
Disclosure Template**

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: NOW CORPORATION

Date: 31 MARCH 2014

	COMPLY	EXPLAIN
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	/	Company website: www.now-corp.com
1.2 Have a well developed business strategy.	/	SEC Form 20-IS
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.	/	SEC Form 20-IS
1.4 Have its board continually engaged in discussions of strategic business issues.	/	Minutes of Board Meetings
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1 Have a board composed of directors of proven competence and integrity.	/	SEC Form 20-IS
2.2 Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner.	/	SEC Form 20-IS
2.3 Have at least three (3) of thirty percent (30%) of its directors as independent directors.	/	SEC Form 20-IS
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	/	SEC Form 17-C, the Company has the following committees: Audit and Risk Committee, Nomination Committee, Compensation Committee and Management Committee. The Management Committee undertakes the function of governance.
2.5 Have Audit, Risk, Governance and Nomination & Election Committees of the board.	/	SEC Form 20-IS, SEC Form 17-C
2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.	/	SEC Form 20-IS, SEC Form 17-C
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.	/	SEC Form 20-IS, SEC Form 17-C
2.8 Have in place a formal board and director development program.		The company is in the process of implementing the board and director development program.
2.9 Have a corporate secretary.	/	SEC Form 20-IS
2.10 Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	/	Revised Manual on Corporate Governance

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.	The company is in the process of implementing a separate internal audit unit to be overseen at the Board level.
3.2	Have a comprehensive enterprise-wide compliance program that is annually reviewed.	/
3.3	Institutionalize quality service programs for the internal audit function.	/
3.4	Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	/
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.	Submission of attestation will be submitted every Fourth Quarter of each year.
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1	Have its board oversee the company's risk management function.	/
4.2	Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	/
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.	/
4.4	Have a unit at the management level, headed by a Risk Management Officer (RMO).	/
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.	/
4.6	Seek external technical support in risk management when such competence is not available internally.	/
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.	/
5.2	Ensure that the external auditor is credible, competent, and should have the ability	/
		The company's external auditor for at least the
		Audit and Risk Committee Charter

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	to understand complex related party transactions, its counterparties, and valuations of such transactions.		past five (5) years has been SyCip, Gorres, Velayo & Co.
5.3	Ensure that the external auditor has adequate quality control procedures.	/	Audit and Risk Committee Charter
5.4	Disclose relevant information on the external auditors.	/	Audit and Risk Committee Charter
5.5	Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	/	Audit and Risk Committee Charter
5.6	Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	/	Audit and Risk Committee Charter
5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	/	SEC Form 17-A
5.8	Have a policy of rotating the lead audit partner every five years.	/	Audit and Risk Committee Charter
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."	/	SEC Form 20-IS
6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	/	SEC Form 20-IS
6.3	Have an effective, secure and efficient voting system.	/	SEC Form 20-IS, Nomination Committee
6.4	Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	/	
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.	/	The Company distributes a Definitive Information Statement containing the notice and agenda of shareholders meetings at least fifteen (15) business days before such shareholders meetings in compliance with SRC Rule 20. This is also in compliance with Section 50 of the Corporation Code which requires the notice and agenda to be sent to shareholders of record entitled to vote at the meeting at least two (2) weeks prior to regular meetings and at least one (1) week prior to special meetings.
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	/	SEC Form 20-IS

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	external auditor and other relevant individuals to answer shareholder questions in such meetings.		
6.7	Ensure that all relevant questions during the AGM are answered.	/	SEC Form 20-IS
6.8	Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	/	SEC Form 20-IS, Revised Manual on Corporate Governance
6.9	Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	/	SEC Form 20-IS, Revised Manual on Corporate Governance
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.	/	SEC Form 20-IS, Revised Manual on Corporate Governance
6.11	Have a communications strategy to promote effective communication with shareholders.	/	Website, SEC Form 20-IS
6.12	Have at least thirty percent (30%) public float to increase liquidity in the market.		As of 31 December 2013, the company's public float is 14.35%.
6.13	Have a transparent dividend policy.	/	SEC Form 20-IS
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.	/	Revised Manual on Corporate Governance
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.	/	SEC Form 20-IS, SEC Form 17-A, SEC Form 17-C
7.3	Disclose its director and executive compensation policy.	/	SEC Form 20-IS
7.4	Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guaranties, as well as the nature of the company's other companies if it belongs to a corporate group.	/	SEC Form 20-IS
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.		The Company makes public (i) its consolidated annual financial statement not later than May 20 of each year and (ii) its interim reports within 45 days from the end of the reporting period in compliance with the issuance of the BIR, SEC and PSE relative to the filing of financial statements.
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	/	SEC Form 20-IS, SEC Form 17-C, website announcements

	and PSE CG Guidelines.		
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.	/	SEC Form 20-IS, SEC Form 17-C, website announcements
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).	/	SEC Form 17-C, SEC FORM 23-B
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.	/	SEC Form 17-A, SEC Form 20-IS
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 the community, environment and other key stakeholder groups.	/	The company has clear policies in its dealing with suppliers, customers, creditors and stakeholder group. It is currently exploring community involvement and environment-related programs. Audit Risk Committee Charter
8.2	Have in place a workplace development program.	/	
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.	N/A	All current manpower complement are outsourced. The company has no personnel directly in its employ.
8.4	Have in place a community involvement program.		The company is exploring community involvement programs.
8.5	Have in place an environment-related program.	/	
8.6	Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	/	
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.	/	SEC Form 20-IS
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	/	SEC Form 20-IS

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	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.		
9.3	Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.		The company complies with existing laws and regulations pertaining to the voting rights of shareholders.
9.4	Have its Independent directors or audit committee play an important role in reviewing significant RPTs.	/	Audit and Risk Committee Charter
9.5	Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	/	Audit and Risk Committee Charter
9.6	Have a clear policy in dealing with material non-public information by company insiders.	/	Audit and Risk Committee Charter
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.	/	Audit and Risk Committee Charter
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.	/	
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.	/	
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.	/	
10.4	Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	/	Audit and Risk Committee Charter
10.5	Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	/	The company has a dedicated compliance officer.
10.6	Respect intellectual property rights.	/	Company's contracts include provisions on intellectual property rights.
10.7	Establish and commit itself to an alternative dispute resolution system so that	/	Company's contracts usually include an

conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.


alternative dispute resolution clause.

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

Done this 31st day of March 2014 in Makati City, Philippines.

For:


Atty. Markou B. Ubano
Independent Director


Atty. Angeline R. Macasaet
Compliance Officer