



SOCResources, Inc.

4th Flr. ENZO Building 399 Senator Gil Puyat Avenue, Makati City
Metro Manila, Philippines 1200

March 17, 2016

The Disclosure Department

3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Ave.
Makati City, Philippines 1226

Attention: **Ms. JANET ENCARNACION**
Head, Disclosure Department

Gentlemen:

Please find herewith the Company's **Annual Corporate Governance Scorecard for the year 2015**.

We hope you may find the above in order. Thank you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David R. Baladad', written in a cursive style.

DAVID R. BALADAD
Corporate Information Officer/
VP – Operations

**THE PHILIPPINE STOCK EXCHANGE,
INC.**

**Corporate Governance Guidelines for
Listed Companies
Disclosure Template**

| | COMPLY | EXPLAIN |
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| Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY | | |
| 1.1 Have a clearly defined vision, mission and core values. | ✓ | http://www.southchinaresourcesinc.com.ph/vision-mission.html |
| 1.2 Have a well developed business strategy. | ✓ | http://www.southchinaresourcesinc.com.ph/information-statement.html |
| 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. | ✓ | With the diversified business endeavors that the Company intends to venture in, the Board of Directors has developed a business strategy attuned to the company's business environment, management and culture. The Senior Management, with the policy guidelines set by the Board of Directors, adopts an execution process to facilitate the effective implementation of the business strategy. |
| 1.4 Have its board continually engaged in discussions of strategic business issues. | ✓ | The Board regularly meets to discuss strategic business issues especially since the Company has started investing in businesses other than mining. |
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| Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD | | |
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| 2.1. Have a board composed of directors of proven competence and integrity. | ✓ | All the Directors of the Company were elected based on their competence and integrity. Each of the Directors' profiles are published on the Company's website http://www.southchinaresourcesinc.com.ph/director-executive.html |
| 2.2. Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner. | ✓ | The Board of Directors is led by its Chairman who is empowered under Article IV, Section 2 of its Amended By-Laws to preside at the meetings of the Directors and stockholders. After the discussions during meetings, the Chairman leads the members of the Board, after opinions of the Independent Directors are obtained, and the stockholders in making an effective and collegial decision on various matters. |
| 2.3 Have at least three (3) or thirty percent (30%) of its directors as independent directors. | ✓ | The Company has two (2) Independent Directors representing forty percent (40%) of the Board of Directors. |
| 2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes. | ✓ | The Board of Directors has approved guidelines and procedures to ensure the effective implementation of its policies. In particular, the Board of Directors has approved and adopted the Company's Revised Manual of Corporate Government and published the same on |

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| | | its website. http://www.southchinaresourcesinc.com.ph/pdf/soc-revised-corp-gov-manual.pdf |
| 2.5 | Have Audit, Risk, Governance and Nomination & Election Committees of the board. | ✓ The Company has the following committees: (a) Audit, (b) Nomination and Remuneration, (c) Compensation and Remuneration and (d) Nomination Committee. Considering the importance of risk and governance to the Company, all matters relating thereto are deliberated and decided upon by the Board of Directors and Senior Management. |
| 2.6 | Have its Chairman and CEO positions held separately by individuals who are not related to each other. | X The Position of Chairman and CEO is held by the same person. However, the Board of Directors has put into place procedures to ensure checks and balances. Particularly, during its regular and special meetings, the Board requests the inputs and comments of the Independent Directors prior to making decisions on any matter. |
| 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. | ✓ At the Annual Stockholders' Meeting, the stockholders are given the opportunity to nominate their Directors. All stockholders are likewise entitled to vote based on the number of shares held. |
| 2.8 | Have in place a formal board and director development program. | ✓ The Company regularly updates and |

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| | | provides the Directors an opportunity to enroll and attend development seminars and assists them in the same. |
| 2.9 | Have a corporate secretary. | ✓ The Company has a corporate secretary. |
| 2.10 | Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently. | ✓ The Company has no existing arrangements which constrain the director's ability to vote independently. |
| 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. | X The Company has an Audit Committee composed of Directors from the Board. All findings and recommendations of the Audit Committee, including the comprehensive enterprise-wide compliance program, are brought to the Board of Directors for discussions and deliberations. |
| 3.2 | Have a comprehensive enterprise-wide compliance program that is annually reviewed. | X |
| 3.3 | Institutionalize quality service programs for the internal audit function. | X The Board likewise appointed an external auditor (http://www.sgv.ph/), which was approved by the stockholders in the last Annual Stockholders' Meeting. Said external auditor advises the Audit Committee regarding the status of its Company's control and compliance system. Thereafter, the Audit Committee discusses the report, consults with the employees, suppliers and other stakeholders regarding audit and control issues, and recommends to the Board of |
| 3.4 | Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues. | X |
| 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. | X |

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| | | Directors the proper action to be taken on certain issues. |
| 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. | X |
| 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. | X |
| 4.4 | Have a unit at the management level, headed by a Risk Management Officer (RMO). | X |
| 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. | X |
| 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 | | |

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| <p>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.</p> | <p>✓</p> | <p>The Audit Committee complies with this Guideline.</p> |
| <p>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.</p> | <p>✓</p> | <p>The Company's external auditor, SyCip Gorres Velayo & Co., is credible, competent and has the ability to understand complex related party transactions.</p> |
| <p>5.3 Ensure that the external auditor has adequate quality control procedures.</p> | <p>✓</p> | <p>The Company believes that its external auditor has adequate quality control procedures.</p> |
| <p>5.4 Disclose relevant information on the external auditors.</p> | <p>✓</p> | <p>During its Annual Stockholders' Meeting, the external auditor is introduced to the stockholders prior to the proposal to appoint said auditing firm. Furthermore, the contact details of the external auditor are posted on the Company's website</p> <p>(http://www.southchinaresourcesinc.com.ph/corporate-directory.html)</p> |
| <p>5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.</p> | <p>✓</p> | |
| <p>5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.</p> | <p>✓</p> | <p>The Company's Audit Committee and external audit team have open communication lines to discuss at any time, without any one from the management present.</p> |
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| 5.7 | Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer. | | The Audited Financial Statements of the Company are attested to by the CEO and CFO. |
| 5.8 | Have a policy of rotating the lead audit partner every five years. | ✓ | The external auditor rotates the Engagement Partner every five years. |
| 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." | ✓ | Each stockholder is entitled to one (1) vote for every share held. In case of election of Directors, the stockholder is allowed to cumulate his/her vote. |
| 6.2 | Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | ✓ | The Corporation has only one (1) class of shares, and there is no discrimination among shareholders. |
| 6.3 | Have an effective, secure and efficient voting system. | ✓ | The stockholders are given the opportunity to nominate their Directors. All stockholders are likewise entitled to vote based on the number of shares held. The election is supervised by the Nomination Committee, which ensures that the same is conducted in accordance with the By-Laws of the Corporation. |
| 6.4 | Have effective shareholder voting mechanisms such as supermajority | ✓ | The provisions of the Corporation Code on |

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| <p>or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p> | | <p>the required number of votes of stockholders are observed, including the required vote of at least 2/3 of the outstanding capital stock in the cases mentioned in the Corporation Code.</p> |
| <p>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.</p> | <p>✓</p> | <p>The Corporation sends the Notice of the Annual General Meeting with the agenda at least ten (10) business days prior to record date. The record date is set twenty (20) business days before the meeting in accordance with the Corporation's By-Laws.</p> |
| <p>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.</p> | <p>✓</p> | <p>At the Annual Stockholders Meeting, the stockholders are given the opportunity to ask questions to the Directors and Officers of the Company. The external auditors and external counsel are likewise present to answer questions in such meetings.</p> |
| <p>6.7 Ensure that all relevant questions during the AGM are answered.</p> | <p>✓</p> | <p>All questions of the stockholders during the meeting are answered by the Directors. In the last Annual General Meeting, no questions were addressed to the external auditors.</p> |
| <p>6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.</p> | <p>✓</p> | <p>The Amended By-Laws of the Corporation, which codifies the rights of the stockholders in the Corporation, is posted on the Corporation's website. Furthermore, the Corporation respects the rights of the minority shareholders under the Corporation Code.</p> |

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| 6.9 | Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group. | ✓ The Corporation has no existing intra-corporate dispute which threatens the present management or existing controlling shareholder group. |
| 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. | ✓ The Corporation's General Information Sheet is posted on its website http://www.southchinaresourcesinc.com/ph/pdf/SOC%20RESOURCES-GIS%202015.pdf . |
| 6.11 | Have a communications strategy to promote effective communication with shareholders. | ✓ The contact details of the Corporation and its key officers are available at the Company's website for the stockholders' reference http://www.southchinaresourcesinc.com/ph/contact-information.html . |
| 6.12 | Have at least thirty percent (30%) public float to increase liquidity in the market. | X The Corporation has only twenty-four percent (24%) public float. |
| 6.13 | Have a transparent dividend policy. | ✓ To be able to declare dividends, the Company focuses its efforts in obtaining business that can provide recurring income. |
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| Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME | | |
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| 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. | ✓ | The Corporation regularly issues guidelines or memos to its officers to ensure compliance with PSE, SEC and other rules on disclosure. |
| 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. | ✓ | The Company has no such agreements. |
| 7.3 Disclose its director and executive compensation policy. | ✓ | The compensation of Directors and Executive Officers are stated in the Audited Financial Statements. |
| 7.4 Disclose names of groups or individuals who hold 5% or more ownership 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. | ✓ | The Company complies with the Disclosure Rules of the SEC and PSE. |
| 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. | ✓ | |
| 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. | ✓ | |

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| 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. | ✓ |
| 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). | ✓ |
| 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. | ✓ |
| 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. | ✓ |
| 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 | ✓ |
| | | The Company rewards employees' dedication to the service by promotion in |

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| interests with those of the shareholders. | | terms of rank and salary. Certain incentives are likewise granted upon approval of the Board of Directors. |
| 8.4 Have in place a community involvement program. | ✓ | |
| 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. | ✓ | It is Company policy to disclose transactions with related parties. The Company likewise obtains stockholders' approval on these transactions. |
| 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. | ✓ | The Company discloses all related party transactions. |
| 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 stockholders are informed of related party transactions during Annual Stockholders Meetings. Furthermore, the approval of such transactions is requested |

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| | | from non-related party shareholders. | |
| 9.4 | Have its independent directors or audit committee play an important role in reviewing significant RPTs. | ✓ | |
| 9.5 | Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report. | ✓ | The Company is transparent in reporting related party transactions. |
| 9.6 | Have a clear policy in dealing with material non-public information by company insiders. | ✓ | Company insiders are constantly reminded of Section 13 of the Revised Disclosure Rules of the PSE |
| 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. | ✓ | Company insiders are constantly reminded of Section 13 of the Revised Disclosure Rules of the PSE |
| 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. | ✓ | The Company has an Employees' Manual which serves as the code of ethics and proper conduct of the 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. | ✓ | The company has been implementing its formal compliance program such that its officers and employees on various occasions attended training sessions and seminars provided by the PSE, SEC and other third party providers. |

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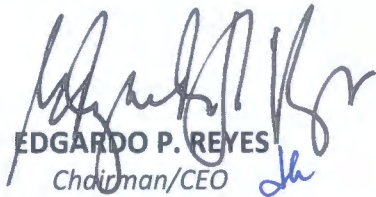
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| <p>10.3 Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.</p> | <p>✓</p> | |
| <p>10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.</p> | <p>✓</p> | |
| <p>10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.</p> | <p>✓</p> | |
| <p>10.6 Respect intellectual property rights.</p> | <p>✓</p> | |
| <p>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.</p> | <p>✓</p> | |

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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 17th of March 2016 in Makati City.


EDGARDO P. REYES
Chairman/CEO


MANUEL G. ARTEFICIO
Independent director