



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year CY 2014
2. Exact Name of Registrant as Specified in its Charter SPC Power Corporation (formerly Salcon Power Corporation)
3. 7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue,
Cebu Business Park, Cebu City
Address of Principal Office 6000
Postal Code
4. SEC Identification Number AS094-002365
5. [REDACTED] (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 003-868-048-000
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Issuer's Telephone number, including area code
8. N.A.
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors: (2014 – 2015)

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Dennis T. Villareal	ED	DTV Group	DTV Group	08-17-94	05-30-14	ASM	20 yrs
Alfredo L. Henares	ED	DTV Group	DTV Group	08-17-94	05-30-14	ASM	20 yrs
Arthur N. Aguilar	NED	DTV Group	DTV Group	05-30-14	05-30-14	ASM	1 yr
Alberto P. Fenix, Jr.	ED	DTV Group	DTV Group	08-17-94	05-30-14	ASM	20 yrs
Ramon Y. Sy	NED	DTV Group	DTV Group	11-12-98 to 11-25-02; 02-15-06	05-30-14	ASM	12 yrs
Roberto F. De Ocampo	ID	DTV Group	DTV Group Not related	11-25-02	05-30-14	ASM	12 yrs
Enrique L. Benedicto	ID	DTV Group	DTV Group Not related	09-16-08	05-30-14	ASM	6 yrs
Lyu, Hyang-Reol	NED	KPHI	KPHI	05-30-14	05-30-14	ASM	1 yr
Park, Chong-Hwa	NED	KPHI	KPHI	03-30-12	05-30-14	ASM	2 yrs
Kim, Jung-Ju	NED	KPHI	KPHI	05-30-14	05-30-14	ASM	1 yr
Guillermo P. Dabbay, Jr.	NED	KPHI	KPHI	05-30-12	05-30-14	ASM	2 yrs

(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 of Corporate Governance institutionalizes the principles of good corporate governance in the entire organization.

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

The Board of Directors, Management, Employees and Shareholders of SPC Power Corporation believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization.

(i) The Board shall be committed to respect the following rights of the stockholders which include rights of minority stockholders.

1. Voting Right - The Corporation follows the principle of one share-one vote for each stockholder

- a. Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- b. Cumulative voting shall be used in the election of directors.
- c. A director shall not be removed without cause if it will deny minority stockholders representation in the Board.

2. Pre-emptive Right

All stockholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or an amendment thereto, and in documents signed by such stockholders. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Power of Inspection

All stockholders shall be 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 the annual reports, including financial statements, without cost or restrictions.

4. Right to Information

- a. The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- b. The minority stockholders shall be 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.
- c. The minority stockholders shall have access to any and all information relating to matters which the management is accountable, and to those relating to matters which the management is required to include in such information and, if not included, entitle the minority stockholders to propose inclusion thereof in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to Dividends

- a. Stockholders shall have the right to receive dividends subject to the discretion of the Board.
- b. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

The stockholders shall 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, under any of the following circumstances:

- a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporate Code; and
- c. In case of merger or consolidation.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the Corporation's by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It shall be the duty of the directors to promote stockholders' rights, remove impediments to the exercise of stockholder's rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions, subject to legal constraints. The stockholder shall be provided with accurate and timely information to enable them to make a sound judgement on all matters brought to their attention for consideration or approval.

- (ii) The following are the Corporation's governance policies regarding Disclosures:

Section 6 of the Corporation's Manual of Corporate Governance provides:

"Reportorial or Disclosure System of SPC's Corporate Governance Policies"

- a. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible committee or officer through the Corporation's Compliance Officer.
- b. All material information, i.e. anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes in ownership.
- c. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management.
- d. All disclosed information shall be released via the approved stock exchange procedure for corporate (company) announcements as well as through the annual report.
- e. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stockholders.

- (iii) The following are the Corporation's governance policies regarding Board Responsibility:

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation and its stockholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

To insure a high standard of best practice for the Corporation and its stockholders, the Board shall:

- Install a process of selection to ensure a mix competent directors and officers;
- Determine the Corporation's purpose, its vision and mission, and strategies to carry out its objectives;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Identify the Corporation's major and other stockholders and formulate a clear policy on communicating or relating with them through an effective investor relations program. If feasible, the Corporation's President or Treasurer/Chief Financial Officer shall exercise oversight responsibility over the investor relations program;
- Adopt a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability;
- Properly discharge Board functions by meeting regularly. Independent views during the Board meetings shall be given due consideration and all such meetings shall be duly recorded; and
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities; and
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer shall act as Compliance Officer.

The Corporation's Manual of Corporate Governance provides for the following duties and responsibilities of members of the Board of Directors:

Duties and Responsibilities of a Director:

- a. To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;

- b. To devote time and attention necessary to properly discharge his duties responsibilities;
- c. To act judiciously;
- d. To exercise independent judgment;
- e. To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission and, where applicable, the requirements of other regulatory agencies;
- f. To observe confidentiality
- g. To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

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

The Board reviews and approves the Company's vision and mission as often as necessary.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Dennis T. Villareal	Salcon Philippines, Inc.	ED
	Salcon International, Inc.	ED
	SPC Island Power Corporation	ED
	SII Properties and Development Corporation	ED
	SPEC Properties, Inc.	ED
	Mactan Electric Company, Inc.	ED
	Bohol Light Company, Inc.	ED
	Bohol Water Utilities, Inc.	ED
	Western Panay Hydropower Corporation	ED
	SPC Electric Company, Inc.	ED
	SPC Light Company, Inc.	ED
	SPC Malaya Power Corporation	ED
	KV Holdings, Inc.	ED
Kepeco SPC Power Corporation	ED	
Alfredo L. Henares	Salcon Philippines, Inc.	ED
	Salcon International, Inc.	ED
	SII Properties and Development Corporation	ED
	SPEC Properties, Inc.	ED
	Western Panay Hydropower Corporation	ED
	SPC Electric Company, Inc.	ED
	SPC Light Company, Inc.	ED
	Bohol Light Company, Inc.	ED and Chairman
	Bohol Water Utilities, Inc.	ED and Chairman
	SPC Island Power Corporation	ED and Chairman
	SPC Malaya Power Corporation	ED and Chairman
	KV Holdings, Inc.	ED
	Kepeco SPC Power Corporation	ED
Mactan Electric Company, Inc.	ED	

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

Alberto P. Fenix, Jr.	SPC Electric Company, Inc. SPC Light Company, Inc. Bohol Light Company, Inc. SPC Island Power Corporation Western Panay Hydropower Corporation SPC Malaya Power Corporation KV Holdings, Inc.	ED ED ED ED ED ED ED
Arthur N. Aguilar	NONE	N/A
Ramon Y. Sy	NONE	N/A
Roberto F. de Ocampo	NONE	N/A
Enrique L. Benedicto	NONE	N/A
Lyu, Hyang-Reol	SPC Malaya Power Corporation SPC Island Power Corporation	NED NED
Park, Chong-Hwa	SPC Island Power Corporation	NED
Kim, Jung-Ju	NONE	N/A
Guillermo P. Dabbay, Jr.	NONE	N/A

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Ramon Y. Sy	San Miguel Corporation	NED
	Asia United Bank	NED
Roberto F. de Ocampo	Bankard, Inc.	NED
	EEL Corporation	NED
	Globe Telecom	NED

(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
The Board of Directors are not in any way related either by consanguinity or affinity.	N/A	N/A

(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	The following guidelines shall be used in the determination of the number of directorships for Board members: a. Number of directorship/active	The Company follows the SEC rule on term and directorship limits of directors.

	<p>memberships and officerships in other corporations or organizations; and</p> <p>b. Possible conflict of interest</p> <p>The optimum number of directorships a Director shall hold shall be related to the capacity of a Director to perform his duties diligently in general.</p>	
Non-Executive Director	<p>The following guidelines shall be used in the determination of the number of directorships for Board members:</p> <p>a. Number of directorship/active memberships and officerships in other corporations or organizations; and</p> <p>b. Possible conflict of interest</p> <p>The optimum number of directorships a Director shall hold shall be related to the capacity of a Director to perform his duties diligently in general.</p>	Same as above
CEO	<p>The CEO and other executive directors shall submit themselves to a lower indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</p>	Same as above

The Company's Independent Directors sit in no more than five boards of publicly-listed companies.

e. 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
Dennis T. Villareal	6,425,501	Jad Holdings, Inc. – 289,336,647 – 19.33% Intrepid Holdings, Inc. – 371,836,647 – 24.85%	0.43
Alfredo L. Henares	1	ALH Management, Inc. – 23,850,269 – 1.60%	-
Alberto P. Fenix, Jr.	444,638	None	0.03
Arthur N. Aguilar	1	None	-
Ramon Y. Sy	2	None	-
Roberto F. de Ocampo	1	None	-
Enrique L. Benedicto	1	None	-