

		<p>available means of communication to the Human Resources Department. The report shall be treated in utmost confidence and the identity of the whistleblower shall not be disclosed, except when the whistle blower may be put to testify in court.</p> <p>Anonymous reports, though not prohibited, are highly discouraged as the veracity of the information may be put in issue.</p> <p>Intentionally submitting a false report/allegation or fabricating any material evidence shall be dealt with severely. Proper disciplinary action may be sanctioned against the employee, without prejudice to the right of the Corporation or the aggrieved party to initiate any civil or criminal suit.</p> <p>Grievance procedure; mediation and conciliation; arbitration, and administrative investigation, as the case may be.</p> <p>Grievance procedure is provided in the existing Collective Bargaining Agreement between the Management of CAT and the Union (Central Azucarera de Tarlac Labor Union –NLU).</p>
<p>i) Conflict Resolution</p>		

- 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.

Based on the Company’s Code of Conduct and Employee’s Manual:

“Administration and Implementation

The administration and the implementation of this policy shall be the primary responsibility of the Unit Head who may, for this purpose, issue such implementing rules and regulations within their respective units that are consistent with this policy.”

“Investigation and Decision

Upon complaint or report, or on his own initiative, a Unit Head shall investigate or cause to be investigated, and decide all disciplinary offenses involving employees within his/her Unit.

- a. Offenses involving employees belonging to two or more Units shall be jointly investigated and decided by the Unit Heads concerned.
- b. Offenses for which the prescribed penalty is dismissal shall be investigated and decided in accordance with applicable laws, presidential decrees and republic acts. The Unit Head shall, in the discharge of this responsibility, be assisted by the Legal Office.

The decision shall be in writing and shall state i) the proofs submitted during the investigation; ii) the offense proven to have been committed, and iii) the reason in support of the decision.”

"Evaluation of Cases

The objectives sought to be attained by this policy shall be the guiding principles in evaluating all disciplinary cases. Unit Heads shall, in the discharge of their responsibilities under this Policy, see to it that the interests of the company are protected."

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	From SEC Form 17-A. " C. Transactions With and or Dependence on Related Parties. The Company's transactions with related parties are disclosed in page 31, Note 19 of the Company's audited financial statements. In addition, the Company's operations are not dependent on its related parties. The Company provides working capital support to its related parties."
(2) Joint Ventures	From Note 19 of the Audited Financial Statements: "19. Related Party Transactions Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.
(3) Subsidiaries	Terms and Conditions of Transactions with Related Parties
(4) Entities Under Common Control	Outstanding balances of transactions with related parties at year-end are unsecured and settlements are made through offsetting. As of June 30, 2011 and 2010, the Company has allowance for doubtful accounts relating to amounts covered by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
(5) Substantial Stockholders	The Company, in the normal course of business, has transactions with related parties. Outstanding receivables from and payables to related parties are summarized as follows: xxxxxx"
(6) Officers including spouse /children/siblings/parents	
(7) Directors including spouse /children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

--	--

(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	Not Applicable
Name of Officer/s	Not Applicable
Name of Significant Shareholders	Not Applicable

(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	If an actual or potential conflict of interest may arise on the part of a director, he/she should fully and immediately disclose it and should not participate in the decision making process (Section 3[a] of the Company's Manual on Corporate Governance). The Audit Committee has been created to assist the Board in fulfilling its oversight responsibility of the Company's corporate governance process relating to the determination and resolution of possible conflict of interest between and the Company and/or its group and their directors, officers and significant shareholders.
Group	Not Applicable

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁵ 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
Not Applicable	Not Applicable	Not Applicable

(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	Type of Relationship	Brief Description

⁵Family relationship up to the fourth civil degree either by consanguinity or affinity.

Significant Shareholders	
Luisita Trust Fund	Luisita Trust Fund is a non-contibutory retirement benefit program of the regular employees of the registrant

(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	Not Applicable	Not Applicable

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) 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	The Office of the Corporate Secretary in coordination with the Company's authorized stock and transfer agent, attends to the stockholders' concerns.
Corporation & Third Parties	Arbitration clause is a standard provision in every contract / agreement entered into by and between the Company and Third Parties
Corporation & Regulatory Authorities	The Company will submit to the appropriate ADR in settling conflicts with government authorities and regulatory agencies.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? Schedule of Board meeting is provided in the Company's By-Laws.
- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	JOSE COJUANGCO, JR.	22 April 2014	7	6	86%
Member	ERNESTO G. TEOPACO	22 April 2014	7	7	100%

Member	JOSE MANUEL C. LOPA	22 April 2014	7	7	100%
Member	FERNANDO C. COJUANGCO	22 April 2014	7	6	86%
Member	MARIE THERESE C. REYES-MCMURRAY	22 April 2014	7	7	100%
Member	VICTORIA ELISA A. DEE	22 April 2014	7	6	86%
Independent	RENATO B. PADILLA	22 April 2014	7	5	71%
Independent	BENJAMIN I. ESPIRITU	22 April 2014	7	7	100%

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	MARTIN P. LORENZO	Appointed on 15 October 2014 to fill up the vacancy due to resignation of a director	1	1	100%
Member	FERNANDO C. COJUANGCO	Appointed on 15 October 2014 to fill up the vacancy due to resignation of a director	1	1	100%
Member	MARCO P. LORENZO	Appointed on 15 October 2014 to fill up the vacancy due to resignation of a director	1	1	100%
Member	VIGOR D. MENDOZA II	Appointed on 15 October 2014 to fill up the vacancy due to resignation of a director	1	1	86%
Member	FERNAN VICTOR P. LUKBAN	Appointed on 15 October 2014 to fill up the vacancy due to resignation of a director	1	1	100%
Independent	RENATO B. PADILLA		1		
Independent	BENJAMIN I. ESPIRITU		1	1	100%

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? No. If yes, how many times?
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

A quorum at any meeting of the Board shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any question that may come before the meeting, save and except any such matters in which the law of the Philippines may require the affirmative vote of a greater proportion of the members (Section 8, Article III, Amended By-Laws). However, all meetings of the Board were attended by two-thirds of the board

members, with at least one (1) Independent Director present, and more often than not Board decisions were unanimously approved.

5) Access to Information

(a) How many days in advance are board papers⁶ for board of directors meetings provided to the board? At least two days.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. It is provided under Section 12 of the Company's Manual on Corporate Governance that "The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense."

(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? Yes.

Section 12 of the Company's Manual on Corporate Governance provides:

"The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should –

- (a) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- (b) Be loyal to the mission, vision and objectives of the corporation;
- (c) Work fairly and objectively with the Board, Management and stockholders;
- (d) Have appropriate administrative and interpersonal skills;
- (e) If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (f) Have a working knowledge of the operations of the corporation;
- (g) Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (h) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- (i) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- (j) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code."

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Corporate Secretary, Addison B. Castro is a Senior Partner of Gatchalian Castro & Mawis Law Office. He is also a professor at the College of Law of the Lyceum of the Philippines University. He graduated with a degree

⁶ 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.

of Bachelor of Science in Applied Economics at the De La Salle University in 1983, and a Bachelor of Laws degree in 1988 from the Ateneo De Manila University, College of Law.

Atty. Janette L. Peña who was appointed Corporate Secretary of Central Azucarera de Tarlac on 15 October 2014 is the current Corporate Secretary of the CAT Resource & Asset Holdings Inc. and First Lucky Holdings Corp. Atty Peña is an Independent Director of The Manufacturer's Life Insurance Co. (Phils), Inc. Manulife Financial Plans, Inc., Manulife Chinabank Life Assurance Corporation, China Oceans Philippines, Inc., Bousted Technologies, Inc., Salcon Holdings Philippines, Inc. and Corporate Secretary for Macondray & Co., Inc, other subsidiaries, among others. Atty Peña graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Cum laude). She received her Bachelor of Laws from the University of the Philippines College of Law (Cum laude) and ranked first in the 1985 Philippine Bar Exams. She completed her Master of Laws in Harvard Law School.

(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	The Directors may request the Office of the Corporate Secretary to provide the necessary information to enable them to prepare
Audit	to provide the necessary information to enable them to prepare
Nomination	in advance for their committee meetings. In the event that the
Remuneration	information sought is not available at the Office of the Secretary,
Others (specify)	then the latter shall secure the same from the appropriate office/s.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

The general guidelines on how Directors can receive external advise is provided in the Company's Manual on Corporate Governance, to wit:

"12. Adequate and Timely Information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense."

Procedures	Details
See above	See above

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
Not Applicable	Not Applicable	Not Applicable

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	Compensation /Remuneration Committee	As determined by the Compensation /Remuneration Committee upon Recommendation of the CEO or COO , as the case may be.
(2) Variable remuneration	Compensation / Remuneration Committee	As determined by the Compensation /Remuneration Committee upon Recommendation of the CEO or COO , as the case may be.
(3) Per diem allowance	Compensation / Remuneration Committee	As determined by the Compensation /Remuneration Committee upon Recommendation of the CEO or COO , as the case may be.
(4) Bonus	Compensation / Remuneration Committee	As determined by the Compensation /Remuneration Committee upon Recommendation of the CEO or COO , as the case may be.
(5) Stock Options and other financial instruments	Not applicable	Not applicable
(6) Others (Professional Fees)	Not applicable	Not applicable

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	By-Laws and implemented by the Chairman of the Board		
Non-Executive Directors			

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.

The remuneration of the Directors is provided in the By-laws. Any amendments to the by-laws requires the approval /ratification of the stockholders.

Remuneration Scheme	Date of Stockholders' Approval
Not Applicable	Not Applicable

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	4,299,450	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	240,000		
(d) Bonuses	8,556,824		
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Transportation	1,145,871		
Total	14,342,145		

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan / Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
Total			

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
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(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
Not Applicable	Not Applicable	Not Applicable

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
Mr. HERMAN GREGORIO, JR. – Resident Manager	P4,488,751.00
Mr. JOSELITO ANGELES -	
ATTY. EUFROCINIO DELA MERCED, JR. – Asst. Vice-President	

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	Functions	Key Responsibilities	Power
	Executive Director or (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive		1		Manual on Corporate	Section 9 of the Company's Manual on Corporate Governance provides the functions		

1

Audit		1	Governance	<p>of the following Committees:</p> <p>"9. The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>(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;</p> <p>(b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation, This function shall include regular receipt, from Management of information on risk exposures and risk management activities;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p>
Nomination	1	1	Manual on Corporate Governance	
Remuneration	1	1	Manual on Corporate	

				Governance	<p>(g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;</p> <p>(h) Review the reports submitted by the internal and external 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. 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> <p>9.2 The Board may also organize the following committees:</p>
--	--	--	--	------------	--

									(a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
Others (specify)									(b) A Compensation or Remuneration Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates."

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	Martin P. Lorenzo	02 Dec. 2014	none	n/a		Since 02 Dec. 2014
Member (ED)	Fernando C. Cojuangco	02 Dec. 2014	none	n/a		Since 02 Dec. 2014
Member (NED)	Fernan Victor P. Lukban	02 Dec. 2014	none	n/a		Since 02 Dec. 2014
Member (ID)	n/a					

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin I. Espiritu	23 April 2014	2	2	100 %	Since 23 April 2014
	Benjamin I. Espiritu	15 October 2014	none	n/a		Since 23 April 2014
Member (ED)	Fernando C. Cojuangco	23 April 2014	2	2	100 %	23 April 2014 to 15 Oct. 2014
Member (ED)	Martin P. Lorenzo	15 October 2014	none	n/a	n/a	Since 15 October 2014

Member (NED)	Jose Manuel C. Lopa	23 April 2014	2	2	100 %	23 April 2014 to 15 October 2014
Member (NED)	Fernan Victor P. Lukban	15 October 2014	none	n/a	n/a	Since 15 October 2014

Disclose the profile or qualifications of the Audit Committee members.

BENJAMIN I. ESPRITU. Ph. D, age 60, Filipino, is a practicing Certified Public Accountant, President & CEO of Change Management International, Inc. and Chairman of Banco de Mindoro, Inc. He was Dean of Far Eastern University Makati, and Chair of the Accounting, Finance, Business and Governance Department of the De La Salle University Graduate School of Business. He served as Governor of the Province of Oriental, Mindoro. He earned his Ph.D., Major in Public Administration from the University of Santo Tomas, Master in National Security Administration from the National Defense College of the Philippines, Master of Business Administration and Bachelor of Science in Commerce, Major in Accounting degrees from De La Salle University

MARTIN IGNACIO P. LORENZO, age 49, Filipino, he is currently the Chairman and President of Macondray Philippines Corporation Incorporated and its affiliates. He is also the Chairman and President of Cocosorbetero Holdings Incorporated, First Lucky Holdings Corporation, First Lucky Property Corporation, St. Tropez Holdings Corporation, Marlor Investments Corporation, Blue Mountains Corporation, Hospitality School Management Group, Inc. (HSMGI), and the International School for Culinary Arts and Hospitality Management (ISCAHM) in Quezon City, Angeles, and Cebu. He is a Director in Familia Lorenzo Foundation, Incorporated. He obtained his BS Management Engineering degree at Ateneo de Manila University in 1986. He obtained his Masters in Business Administration in Wharton Graduate School in 1990.

FERNAN VICTOR P. LUKBAN, age 53, Filipino. He is one of the top Strategy and Family Business consultants in the Philippines. He is a founding fellow at the Institute of Corporate Directors in Manila and is also an International Fellow of the Australian Institute of Company Directors. He holds undergraduate degrees in Engineering from De La Salle University and graduate degrees in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific, Manila. He also has a Master in Business Administration from IESE, Barcelona, Spain.

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

The Audit Committee’s responsibility relative to the external auditor is described in the Company’s Manual on Corporate Governance, the pertinent provision of which reads:

“9.1 The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:

xxxxx

(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;

xxxxxx

(h) Review the reports submitted by the internal and external auditors;

(i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- 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.

(j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

(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;

xxxxxx

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ernesto G. Teopaco	23 April 2014	1	1	100%	23 April 2014 to 15 October 2014
Chairman	Fernando C. Cojuangco	15 October 2014	1	1	100%	Since 15 October 2014
Member (ED)	Fernando C. Cojuangco	23 April 2014	1	1	100%	23 April 2014 to 15 October 2014
Member (NED)	Fernan Victor P. Lukban	15 October 2014	1	1	100%	Since 15 October 2014
Member (ID)	Renato B. Padilla	23 April 2014	1	1	100%	Since 23 April 2014
Member (ID)	Renato B. Padilla	15 October 2014	1	1	100%	Since 23 April 2014

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jose Cojuangco, Jr.	23 April 2014	1	1	100%	23 April 2014 to 15 October 2014
Chairman	Martin P. Lorenzo	15 October	1	1	100%	Since

		2014					October 2014
Member (ED)	Marie Therese C. Reyes-McMurray	23 April 2014	1	1	100%	23 April 2014 to 15 October 2014	
Member (NED)	Fernan Victor P. Lukban	15 October 2014	1	1	100%	Since October 2014	15
Member (ID)	Renato B. Padilla	23 April 2014	1	1	100%	Since 23 April 2014	
Member (ID)	Renato B. Padilla	15 October 2014	1	1	100%	Since 23 April 2014	

(e) Others (Specify)

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						
Member (ED)						Not Applicable
Member (NED)						Not Applicable
Member (ID)						Not Applicable
Member						Not Applicable

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	Not Applicable	Not Applicable
Audit	Fernando C. Cojuangco	Reorganization on 15 October 2014
	Jose Manuel C. Lopa	Diveted / sold his shares
Nomination	Ernesto G. Teopaco	Divested / sold his shares
Remuneration	Jose Cojuangco, Jr.	Divested / sold his shares
	Marie Therese C. Reyes-McMurray	Divested / sold her shares
Others (specify)	n/a	n/a

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		
Audit	Reviewed the Company's unaudited interim quarterly and audited annual financial statements and discussed said financial statements with Management and the Company's External Auditor, SGV & Co., before submission to the Board;	Compliance with accounting standards; compliance with tax, legal and regulatory requirements; going concern assumptions

	Reviewed and discussed the overall scope of the engagement of the External Auditor, SGV & Co.	
Nomination	Reviewed the qualifications and determined the eligibility of the persons nominated as Directors as well as those nominated to positions requiring the approval of the Board of Directors	Those nominated as Directors and other positions requiring board approval possessed the qualifications and none of the disqualifications in accordance with the Manual on Corporate Governance, By-Laws, and the SEC Guidelines on the Nomination and Election of Independent Directors
Remuneration	Review and approval of the compensation and remuneration of the executive directors and officers	Compensation and remuneration of the executive directors officers are adequate and equitable.
Others (specify)		

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	To continue performing its oversight functions pursuant to the Company's Manual on Corporate Governance, more particularly the review of the Company's unaudited interim quarterly and audited annual financial statements, and to monitor the Company's compliance with tax, legal and regulatory requirements.	<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.
Nomination	To review and evaluate the qualifications of the persons nominated as Directors as well as those nominated to positions requiring the approval of the Board of Directors	To ensure that persons nominated for the position of Board of Director and those appointed requiring approval of the Board of Directors possess all the qualifications and non of the qualifications, in accordance with the Company's Manual on Corporate Governance and By-laws
Remuneration	To review the remuneration of executive directors more particularly the CEO and the COO	To ensure that the remuneration/compensation of the CEO and the COO is competitive and equitable
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

It is the belief of CAT that risks are inherent in its business, but if properly managed can lead to opportunity and profitability. Thus, it is the policy of CAT to ensure that all risks are identified and measured, and that the

appropriate control measures are put in place.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The directors regularly review the effectiveness of the risk management system and have found the same to be adequate.

(c) Period covered by the review;
End of fiscal year.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
The risk management system is reviewed at least once a year. However, should an extraordinary event or new developments not previously contemplated occur, then a review of the system, actual risks and measures, is undertaken.

The primary criteria for assessing the effectiveness of the system are: its ability to prevent the risk from occurring, mitigate the effects of the risks should they happen, and the ability of the Company to effectively respond to the situation.

(e) Where no review was conducted during the year, an explanation why not. Not Applicable

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
insufficient supply of sugar cane	It is the policy of CAT to ensure adequate supply of sugar cane and improve sugar cane farm yield	to maximize the capacity utilization of the sugar mill
typhoons, strong winds and other like events that cause damage to crops, and equipment and properties of the Company	It is the policy of CAT to reduce, minimize and if possible prevent damage to equipment and properties of the Company from typhoons, strong winds and like events	to minimize, if not prevent damage to crops, and equipment and properties of the Company
entry of cheap sugar and sugar by-products	It is the policy of CAT to remain competitive in a globally economic environment	to produce quality sugar and sugar by-products at a competitive price

(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
Not applicable	Not applicable	Not applicable

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders		
CAT Resource Asset & Holdings, Inc. owns and controls 73.10% of the Company's outstanding capital stock.		

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)
insufficient supply of sugar cane	Monitoring undertaken by the Field Services Department to determine areas planted with sugar cane and the estimated yield thereof	sugar cane farming intensification and expansion programs
typhoons, strong winds and other like events that cause damage to crops, and equipment and properties of the Company	Mancom headed by the COO regularly monitors weather forecasts and other events that may affect CAT operations; close coordination with PAG ASA and AGROMET	weather monitoring, disaster prevention and preparedness measures; devotion to First Friday Mass; and insurance coverage
entry of cheap sugar and sugar by-products	Monitoring and assessment by Mancom and Marketing Department; close coordination with SRA and PSMA	Cost control to bring down cost of production without sacrificing quality

(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)
Not Applicable	Not Applicable	Not Applicable

(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
Audit Committee		The Audit Committee shall oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation, including regular receipt from the Management of information on risk exposures and risk management activities

G. 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 Company's Manual on Corporate Governance provides:

"6. Internal Control Responsibilities of the Board

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 and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

6.1 The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

- (a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls;
- (b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- (c) Evaluation of proposed senior management appointments;
- (d) Selection and appointment of qualified and competent management officers; and
- (e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

6.2 An internal audit system shall be established that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are