

faithfully complied with.

The Board shall appoint an Internal Auditor to perform the audit function, and require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.”

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
The directors have reviewed the effectiveness of the internal control system and found the same to be adequate and effective
 - (c) Period covered by the review;
End of fiscal year 2013.
 - (d) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and
Once a year, and if the need arises.
 - (e) Where no review was conducted during the year, an explanation why not. Not Applicable.
- 2) Internal Audit
- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsourced Internal Audit Function	Name of Chief Internal Auditor /Auditing Firm	Reporting process
Maintain an effective system of internal control that will ensure the protection of the assets of the Company	Section 13.1 (c) of the Company’s Manual on Corporate Governance provides: “On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation’s governance, operations and information systems, including the reliability and integrity of financial and operational information,	In-house	Lito R. Laus	Section 9.1(I) of the Company’s Manual on Corporate Governance provides that the Audit Committee shall have the following functions: “xxx 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

	effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations,"			outside parties."
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(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. It is provided under Section 9.1(f) of the Company's Manual on Corporate Governance that it is the function of the Audit Committee to "organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal".

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports to the Audit Committee directly. Yes, the Internal Auditor has direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignmentof the internal audit staff (including those employed by the third-party auditing firm)and the reason/s for them.

Name of Audit Staff	Reason
n/a	n/a

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	On track
Issues⁷	No significant issues
Findings⁸	No significant findings
Examination Trends	No significant findings and issues

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

⁷"Issues" are compliance matters that arise from adopting different interpretations.

⁸"Findings" are those with concrete basis under the company's policies and rules.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Risk Management Policy	Implemented
Internal Audit and Control	Implemented
Budget Policies	Implemented

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The external auditor's engagement is limited to audit services and does not include non-audit services; the internal auditor reports directly to the Audit Committee and it has complete access to all records, properties and personnel	The Company has not engaged the services of any financial analyst, but if it does then the financial analyst shall be required to execute a non-disclosure agreement with confidentiality or a stipulation prohibiting said financial analyst from trading in the Company's shares	Investments banks if any will be required to execute a non-disclosure agreement with confidentiality or a stipulation that it shall not trade in the Company's shares	The Company has not engaged the services of any rating agencies, but in the event that it does, then the rating agency/ies will be required to execute a non-disclosure agreement with confidentiality or a stipulation that it shall not trade in the Company's shares

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Company's Chairman of the Board and President and the Chief Operating Officer, to the best of their knowledge and after consultation with the Chairman of the Audit Committee, will attest to the Company's full compliance with the SEC Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p>Corporate Values based on the Company's Code of Conduct and Employee's Manual</p> <p>"VI. We Care for our Customers. Customer Friendly - Genuine Concern, Fairness, Equity.</p> <p>We recognize the value of our customers as the foundation of our sustained existence. Aware of this, we will do our best to meet their requirements from the macro needs of quality, quantity, on time delivery and price up to the micro level of ensuring consistency in weight.</p> <p>We will therefore continuously exert efforts to have a complete understanding of their needs."</p> <p>CAT maintains a shortlist of suppliers who were selected based on track record, dependability, reliability, quality and financial security.</p>	<p>Training for Attitudes, Skills and Knowledge Enhancement Program</p>
Supplier/contractor selection practice	<p>Environmental Management System Policy based on the Company's Code of Conduct and Employee's Manual</p> <p>"Central Azucarera de Tariac (CAT) an integrated sugar manufacturing plant producing raw and refined sugar, molasses, alcohol, carbon dioxide and yeast is committed to implement and continuously improve a consistent Environmental Management System (EMS) that shall help minimize the negative impacts of the above operations to land, air, and water; and to provide a clean, safe, and healthy environment for the reciprocal benefit of its employees, stakeholders, and the community where it operates.</p> <p><u>Continuous Improvement to Sustain Development</u></p>	<p>Advance Training Course on Air Quality Management , Renewable Energy</p>
Environmentally friendly value-chain		

	<ul style="list-style-type: none"> • CAT shall develop, put in place, and continuously improve, effective controls and procedures to conserve energy, water, and raw materials. • CAT shall endeavor to re-use and recycle resources to reduce environmental impact to a minimum. <p><u>Prevention</u></p> <ul style="list-style-type: none"> • CAT shall seek to prevent pollution at its source, reduce solid/liquid waste generated at our facilities; establish and support pollution-prevention procedures/programs that shall prevent, if not minimize, adverse effects of activities and/or conditions to its employees and to the environment. • CAT shall reduce water consumption to prevent depletion of water sources by implementing and supporting set programs in water conservation. • CAT shall treat chemical wastes or spent chemicals before proper disposal. <p><u>Strict Compliance</u></p> <ul style="list-style-type: none"> • CAT shall commit to comply with all relevant/applicable national and local environmental laws and regulations and shall continuously manage, check, and improve ways and means of controlling air emissions, land, and water discharges to assure compliance. <p><u>Safety</u></p> <ul style="list-style-type: none"> • CAT shall encourage employees at all levels to actively participate and support all programs of continuous improvement of production; and of protection of human health, occupational safety, and protection of the environment that shall improve productivity and reduce incidence of work accidents. 	
	<p><u>Training and Open Communication</u></p>	

	<ul style="list-style-type: none"> • CAT shall provide appropriate environmental training and awareness to encourage its employees to practice this awareness; and to actively promote a sense of responsibility among themselves and to other interested parties. 	<ul style="list-style-type: none"> • Giving of "The Ninoy Aquino Leadership Award" in a form of medal to High Schools' valedictorians and salutatorians province wide of Tarlac, both Public and Private since 2010 (5years) – Yearly. • Scholarship to dependants of CAT EMPLOYEES (College and 1 year courses at Tarlac Training Center) (5years) – On-going activity • Medical and Dental Missions, Tree Planting, Blood Letting – yearly activity • Credit program to employees' spouses/dependents with at least 1 year continuous business existence. A maximum of P3,000.00 can be availed with 1% monthly interest. • Funds generation thru selling of souvenir items at the Supervisor's Lounge, (to finance projects of CSR) – on-going activity • Organized the CAT-Employees Dependents' Cooperative composed of the spouses /dependents of CAT Rank and File employees and are residents of Brgy. Central, Tarlac City.
<p>Anti-corruption programmes and procedures?</p>	<p>The Company does not tolerate corrupt practices and considers the following conduct, contrary to its</p>	

Community interaction

Our commitment to our community is not a responsibility, it is a passion we strongly believe. We create farming communities composed of people who know sugarcane farming and support the industry. Our strength is anchored on the sustainable development of the communities where we operate. As such, sugarcane farming provides food on their table, education for their children, shelter for their family, and other needs. We create value and make people want to be part of the community and make them part of something big of a bigger whole enjoying rapport among themselves."

	policy and rules and regulations: (1) giving or accepting anything of value where the nature or value of the advantage is unreasonable or inappropriate to the occasion or the position and circumstances of the recipient (employee, supplier, contractor, customer, government agency); (2) giving or accepting anything of value with the intent or expectation of receiving or giving anything of value in return; (3) giving or accepting of value that may unduly influence the recipient's objectivity, judgment or discretion; (4) giving or accepting anything of value without proper documentation; and (5) violation of the Anti-Graft and Corrupt Practices Act.	
Safeguarding creditors' rights	The Company is committed to fulfill its financial obligations and pay/settle its loans to the full satisfaction of its creditors.	

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? No
- 3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

From the Company's Employee's Manual:

"Central Azucarera de Tarlac (CAT), an integrated sugar manufacturing plant producing raw and refined sugar, molasses, alcohol, carbon dioxide and yeast is committed to manage and continuously improve its Safety Management System (SMS) that shall provide a safe and healthy workplace; prevent and/or minimize accidents, injuries, and occupational health hazards relevant to the activities, products, and services of the organization.

- The company shall also commit itself to comply with the current applicable Occupational Health and Safety (OHS) legislations; and with the other requirements to which it subscribes.
- This SMS Policy shall be documented, implemented, and maintained; communicated to all employees with the intent that they are made aware of their individual OHS obligations; and made available to the public and other interested parties.
- This SMS Policy shall be periodically reviewed to ensure that it remains relevant and appropriate to the organization.

(b) Show data relating to health, safety and welfare of its employees

Exposure Data January to December 2013

Number of Employees	700
Total Hours Worked by all employees during the year	1,747,200 Man Hours

Injury Summary

Total – All disabling injuries / illness	15 Cases (174 lost work days)
Total - Non-disabling	54 cases
Frequency Rate	8.58%
Severity Rate	99.58%

(c) State the company's training and development programmes for its employees. Show the data.

The Company, which offers opportunities for the employees to achieve their full potential, believes in creating a learning community that is conducive to the growth and the development of the employees. Development is an on-going partnership between the company and its employees, with the latter having the responsibility to grow in knowledge, skills and values or attitudes in areas that match the needs of the company.

Objective

To provide the learning opportunities, resources, and support that would enable the employees to professionally and personally grow through appropriate training.

Implementation

The following guidelines shall apply on:

Target Areas:

1. Training focuses on developing the alignment of purpose and performance across the company targeting the following:
 - Individual employee;
 - Team; and
 - Total Organization

Training Requirements:

2. To develop and maintain a competitive workforce, formal classroom training or informal on the job training may be required for every employee, and providing for learning opportunities especially when he/she:
 - Joins the company;
 - Assumes new responsibilities or position;
 - Needs improvement in job performance; and
 - Needs to acquire changes in technology, services, practices, procedures, and governmental requirements.

Training Types:

3. Learning shall take place throughout the organization everytime for everyone; occurring in both formal and informal settings:
 - a. Formal-training events – formal-training courses (both in-house and external), on-the-job training, study tour, temporary-work assignments.
 - b. Informal-training events – projects and task force assignments, readings, fora, seminars, video and audio presentations

Training Scope:

4. Learning needs vary; and thus, a different training experience is important focusing on the following various contents:
 - a. Managerial/Supervisory – related to leadership and management roles and functions.
 - b. Technical –
 - i. Functional – related to job function.
 - ii. Environmental, Health, and Safety – related to compliance with company policies, objectives, and procedures; and governmental laws.
 - iii. Computer – related to software applications.

Responsibility:

5. The Organization Manpower and Resource Development Department (OMRDD) shall:

- a. Identify the training needs of the employees, including the general awareness for environmental aspects and impacts, and other specialized jobs.
- b. Prepare and submit to the Resident Manager for approval the training plan including budget, and other resources needed.
- c. Implement, conduct, or monitor the training, seminar, or workshop programs. Resource person/trainer must have the competency requirements based on education, training and/or experience as evidenced by his/her training certificates.

For the Year 2013, employees of the Company underwent / attended the following training programs / seminars, to wit:

Applied Technology in Cane Sugar Processing & Food Safety Management System	April 14-19, 2013	Bacolod City
Applied technology on Energy Management and Utilization Seminar	May 6-10, 2013	Bacolod City
PHILSURIN Sugar Technology Training Program	May 19 to June 01, 2013	
TASKE – Training for Attitudes, Skills and Knowledge Enhancement Program	22 July 2013	
Calibration for Process Instrumentation	November to December 2013	MFI Building Ortigas, Pasig City
Advance Training Course on Air Quality Management, Renewable Energy	November 2013	

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has put in place a private retirement plan for the benefit of its employees.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company provides a work environment free from any form of discrimination, including verbal or physical harassment or intimidation from supervisors or co-employees.

The Anti-Sexual Harassment Policy of the Company is in place, and an Anti-Sexual Harassment Committee has been constituted to handle complaints related to sexual harassment. Each manager and supervisor has the responsibility to promote, create and maintain a workplace free from sexual harassment. This duty includes discussing this Policy with

all supervised employees and assuring them that they will not have to endure insulting, degrading or exploitative sexual treatment or intimidating or harassing behavior.

It is against Company policy to harass or retaliate against an employee who reports a violation or suspected violation of the Company's Code of Conduct , Rules and Regulations and policies Employees are encouraged to report to the Human Resources Department for appropriate action, any suspected form of harassment or retaliatory behavior. All employees have a responsibility to promote safe work environment by co-operating in the investigation of the harassment or retaliatory behavior reported by an employee.

1. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee	20,654,494	73.10%	CAT Resource Asset & Holdings, Inc.
Luisita Trust Fund (LTF)	4,734,492	16.76%	Luisita Trust Fund

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

The aggregate fees paid by the registrant to SGV & CO. for the last two (2) fiscal years are as follows:

Name of auditor	Audit Fee	Non-audit Fee

SGV & Co.	June 30, 2012 - P800,000	n/a
SGV & Co.	June 30, 2013 – P 800,000	n/a
SGV & Co.	June 30, 2014 – P800,000	n/a

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Registered mail, telephone, telefax, courier service, print media and PSE website

5) Date of release of audited financial report: 16 October 2014

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	No
Shareholding structure	No
Group corporate structure	No
Downloadable annual report	No
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto. Interested parties may request in writing any of the above information, addressed to the President or the Corporate Secretary. Website under construction.

7) Disclosure of RPT

The Company's transactions with related parties are disclosed under Note 18, page 32 of the Company's audited financial statements June 30, 2014 and 2013, among which are as follows

RPT	Relationship	Nature	Value
Jose Cojuangco & Sons, Inc.	General Managers of the registrant	Fixed Management fee plus an additional fee equivalent to certain percentage of registrant's net profit	
JC Enterprises, Inc.,	an affiliate of the registrant	Payment of office rental arising from lease	

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Audit Committee is granted the power to investigate any matter brought to its attention, including related party transactions, with full access to books and records.

1. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	The quorum in the regular meetings shall be constituted by the attendance of shareholders holding or representing one-half plus one of the outstanding shares and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several affirmative vote of a greater proportion. (Section 4, Article II of the Amended By-Laws)

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	From SEC Form 20-1S: All matters or actions to be taken up in the meeting will require the vote of the security holders. The voting procedure is as follows: The number of votes due a security holder will depend on the number of shares he/she owns. Per share of stock is equivalent to one vote. In all items for approval except election of Members of the Board, each share of stock entitles its registered owner to one (1) vote. In the election of directors, every stockholder is entitled to vote the number of shares standing in his name on the books of the registrant and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. The election is by viva voce or by ballots, if requested by the stockholders.
Description	

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
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Section 14 (a) of the Company's Manual on Corporate Governance provides:

Section 14(b) of the Company's Manual on Corporate Governance provides:

a) The Board shall respect the rights of the stockholders as provided for in the Corporation Code; namely:

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

- (1) Right to vote on all matters that require their consent or approval;
- (2) Pre-emptive right to all stock issuances of the corporation;
- (3) Right to inspect corporate books and records;
- (4) Right to information;
- (5) Right to dividends; and
- (6) Appraisal right.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

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Dividends

Declaration Date	Record Date	Payment Date
Not Applicable	Not Applicable	Not Applicable

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Stockholders who are present during the Annual Stockholders Meeting are encouraged to ask questions or put forward their views on matters to be considered during the meeting, or any matter relevant to the purpose of the meeting	Stockholders may ask questions directly to the Chairman of the Meeting or any of the Directors present;

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders may exercise their appraisal rights under the manner provided in Section 82 of the Corporation Code in the following instances: (a) In case of any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of 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; (c) In case of increase of Authorized Capital Stock of the corporation; and (d) In case of merger or consolidation."

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? The Company distributes the Notice of Annual Meeting together with the Information Statement.

- a. Date of sending out notices: 27 March 2014
- b. Date of the Annual/Special Stockholders' Meeting: 22 April 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. None

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Annual Stockholders' Meeting Held On 22 April 2014

Resolution	Approving	Dissenting	Abstaining	
Approval of the Minutes of the Annual Meeting of the Stockholders held on 29 October 2013	70%	0	0	
Approval of the Annual Report of the Company containing the Audited Financial Statements for the Fiscal Years 2012-2013 and the report of the independent Public Accountants.	70%	0	0	
Ratification and confirmation of all acts of the Board for since the last annual meeting held on 29 October 2013. These acts are covered by Resolutions of the Board duly adopted in the normal course of trade or business involving, among other things, approval of projects/contracts, treasury matters including borrowings, opening of accounts and bank transactions; and appointment of signatories thereof.	70%	0	0	
Election of the Members of the Board, including the independent directors, for the year 2014	Jose Cojuangco Jr.	70%	0	0
	Ernesto G. Teopaco	70%	0	0
	Marietherese C. Reyes-McMurray	70%	0	0
	Jose Manuel C. Lopa	70%	0	0
	Fernando C. Cojuangco	70%	0	0
Victoria Elisa A. Dee	70%	0	0	
Renato B. Padilla	70%	0	0	
Benjamin I. Espiritu	70%	0	0	

Appointment of SGV & Co. as External Auditors for the Year 2014	70%	0	0

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions.

Results of the Annual Stockholders' Meeting held on 29 October 2013 was submitted to the SEC on 19 November 2013.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
Not Applicable	Not Applicable

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members/ Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH In Proxy	Total % of SH attendance
Annual	Ernesto G. Teopaco, Jose Manuel C. Lopa, Fernando C. Coluango, Marie Therese C. Reyes-McMurray, Benjamin I. Espiritu	22 April 2014	By proxy and by show of hands	3.10%	66.90%	70%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMS? No.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes. The number of votes due a security holder will depend on the number of shares he/she owns. Per share of stock is equivalent to one vote.

In all items for approval except election of Members of the Board, each share of stock entitles its registered owner to one (1) vote.

In the election of directors, every stockholder is entitled to vote the number of shares standing in his name on the books of the Company and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. The election is by viva voce or by ballots, if requested by the stockholders.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

Company's Policies	
Execution and acceptance of proxies	Stockholders may vote at all meetings the number of shares registered in their respective names in the books of the Corporation, either in person or by proxy duly executed and which shall have been presented to the Secretary for registration and registered at least twenty-four hours (24) before the day set for the holding of the meeting. (Section 5, Article II of the Amended By-Laws)
Notary	Proxy need not be notarized, unless executed abroad, in which event it should be authenticated by the Philippine Embassy or the Consular Office where the proxy was executed.
Submission of Proxy	Stockholders may vote at all meetings the number of shares registered in their respective names in the books of the Corporation, either in person or by proxy duly executed and which shall have been presented to the Secretary for registration and registered at least twenty-four hours (24) before the day set for the holding of the meeting. (Section 5, Article II of the Amended By-Laws)
Several Proxies	1 proxy per stockholder; latest proxy is recognized
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time. (Section 58 of the Corporation Code, as amended)
Proxies executed abroad	Must be authenticated by the Philippine Embassy or Consular Office where the proxy was executed
Invalidated Proxy	Invalidated proxy is set aside and vote is not counted
Validation of Proxy	Verification of the stockholders' signature appearing on the signature card and/or presentation of at least two government issued identification cards
Violation of Proxy	If invalid, then proxy is set aside and vote is not counted.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Written Notice of Annual Stockholders' Meeting is sent to stockholders of record, at least 21 days before the date of annual meeting.	By personal service or registered mail or courier service.

(i) Definitive Information Statements and Management Report

Annual Stockholders Meeting Held on 22 April 2014

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	640 certificated stockholders; 57 PCD Participants
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	27 March 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	27 March 2014
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes, if any dividend is to be declared
The amount payable for final dividends.	Yes, if any dividend is to be declared
Documents required for proxy vote.	No

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
From the Company's Manual on Corporate Governance:	
"14. Stockholders Rights and Protection of Minority Stockholders' Interest.	
(b) xxxx Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.	

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Major announcements, if any, will be reviewed by the Corporate Secretary to be approved by the President and the COO.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Details	
(1) Objectives	Provide fair, accurate, and timely information .
(2) Principles	Telephone, Fax, Annual Reports, Quarterly Reports, Annual Stockholder's Meeting and Disclosures
(3) Modes of Communications	The functions of the Investor Relations is being handled by a cross-functional team composed of the Corporate Affairs, Finance, and Office of the Corporate Secretary.
(4) Investors Relations Officer	

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?
Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. Not Applicable.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Annual giving/awarding of "The Ninoy Aquino Leadership Award" in a form of medal to	Graduating High School students of Public and Private schools in the province of Tarlac

Valedictorians and Salutatorian High School graduates	
College Scholarship and 1 Year Vocational Course at the Tarlac Training Center	Qualified dependents of CAT Employees
Continuing Medical and Dental Missions, Tree Planting, Blood Letting	Residents of Tarlac City and surrounding communities of CAT at San Miguel, Tarlac City
Continuing credit program/facility extended to spouses and dependents of CAT employees	Dependents and spouses of CAT employees

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Self-Assessment of the annual performance of the Board and its committees, individual directors and the CEO and COO is done during Board Meetings.	Manual on Corporate Governance
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
The Board, officers and the management strives to prevent any breach or violation of the corporate governance manual.	Any violation or breach of the manual on corporate governance may be sanctioned with suspension, disqualification or removal from office.
Violations by officers of the applicable rule on corporate governance such as conflict of interest constitutes breach of trust and confidence.	Termination of employment due to loss of trust and confidence.
Violations of the Code of Conduct and Company Policies and Rules and Regulations are laid out in the Code of Conduct and Policies concerned.	Ranging from suspension to termination of employment