

COVER SHEET

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C	E	N	T	R	A	L	A	Z	U	C	A	R	E	R	A	D	E	T	A	R	L	A	C		

(Company's Full Name)

S	A	N	M	I	G	U	E	L	T	A	R	L	A	C	C	I	T	Y																			

(Business Address: No. Street City / Town / Province)

ADDISON B. CASTRO
Contact Person

892-0301 Fax No. 818-2220
Company Telephone Number

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Month Day Fiscal Year

FORM TYPE

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Month Day Annual Meeting

Secondary License If Applicable

Amended Articles Number/section

Dept. Requiring this Doc.

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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File Number

LCU

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

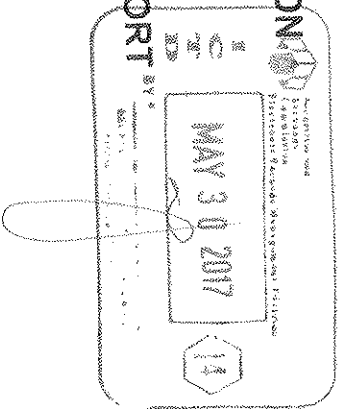
(C) Signature and Filing of the Report

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".


SECURITIES AND EXCHANGE COMMISSION
SEC FORM - ACGR
ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year 2016

2. Exact Name of Registrant as Specified in its Charter CENTRAL AZUCARERA DE
TARLAC

3. San Miguel, Tarlac City
Address of Principal Office 2301
Postal Cod

4. SEC Identification Number 727 5. (SEC Use Only)
Industry Classification Code 

6. BIR Tax Identification Number 0002229931

7. (632) 8186270
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	9 ¹
Actual number of Directors for the year	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

At the annual meeting of the stockholders of Central Azucarera de Tarlac (the "Corporation") held on 26 January 2016, the following were nominated and duly elected:

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)	Elected when (Annual /Special Meeting)	No. of years served as director
MARTIN P. LORENZO	ED			Oct. 15, 2014	Jan. 21, 2016	Annual Meeting	2
FERNANDO C. COJUANNGCO	ED			Jan. 31, 2012	Jan. 21, 2016	Annual Meeting	4
MARCO P. LORENZO	NED			Oct. 15, 2014	Jan. 21, 2016	Annual Meeting	2
VIGOR D. MENDOZA II	NED			Oct. 15, 2014	Jan. 21, 2016	Annual Meeting	2
FERNAN VICTOR P. LUKBAN	NED			Oct. 15, 2014	Jan. 21, 2016	Annual Meeting	2
RENATO B. PADILLA	ID		Nominated by Fernando Cojuangco, relationship either by affinity or consanguinity, neither did he have any professional or	Jan. 31, 2012	Jan. 21, 2016 4 years as ID	Annual Meeting	4

¹ The Company's Amended Articles of Incorporation increasing the number of directors from 8 to 9 was approved by the Securities and Exchange Commission (SEC) on 12 October 2016.

			business relationship with ID			
BENJAMIN I. ESPIRITU	ID		Nominated by Fernando C. Cojuangco, no relationship either by affinity or consanguinity, and neither did he have any professional or business relationship with ID	Oct. 29, 2013	Jan. 21, 2016	Annual Meeting 3

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Section 1 of the Company's Manual on Corporate Governance lays down the following objective:

"The Board of Directors and Management, employees and shareholders, 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 within the organization as soon as possible."

The following are the provisions of the Company's Manual of Corporate Governance relative to the treatment of all shareholders, respect for the rights of minority shareholders, disclosure duties and board responsibilities.

"2. The Board of Directors (the "Board") is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

2.1 Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.

The corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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2.4 Responsibilities, Duties and Functions of the Board

2.4.1 General Responsibility

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner

consistent with its corporate objectives and the best interests of its stockholders.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

2.4.2 Duties and Functions

To ensure a high standard of best practice for the corporation and its stockholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- (a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.
- (b) 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.
- (c) Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
- (d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or chief financial officer shall exercise oversight responsibility over this program.
- (e) Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- (f) Adopt a system of check and balance within the Board. 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.
- (g) Identify key risk areas and 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.
- (h) 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.

(i) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

(j) 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.

(k) Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

(l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.

(m) 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.

3. Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. A director should observe the following norms of conduct:

a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

c) Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

d) Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the corporation.

e) Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of Incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

f) Observe confidentiality.

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

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14. Stockholders' Rights and Protection of Minority Stockholders' Interests

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

- (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.

b) 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 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 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.

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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16. Disclosure and Transparency

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

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

The Board reviews and approves the vision and mission annually.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, 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.
MARTIN P. LORENZO	Mr. Martin P. Lorenzo is also a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	Mr. Martin P. Lorenzo is also the Chairman of the Board and the Chief Executive Officer of Luisita Land Corporation (formerly Luisita Realty Corporation).
FERNANDO C. COJUANGCO	Mr. Fernando C. Cojuangco is also a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	Mr. Fernando C. Cojuangco is also the President and Chief Operating Officer of Luisita Land Corporation (formerly Luisita Realty Corporation).
FERNAN VICTOR P. LUKBAN	Mr. Fernan Victor P. Lukban is also a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	NED
VIGOR D. MENDOZA II	Mr. Vigor D. Mendoza is a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	NED

(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

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

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.
Fernan Victor P. Lukban	Century Pacific Food, Inc.	Lead Independent Director
	Shakey's Pizza Asia Ventures, Inc.	Independent Director

(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
Martin Ignacio P. Lorenzo and Marco P. Lorenzo are brothers.		

(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:

The members of the Board are advised to exercise their sound discretion in accepting or holding directorships in other corporations taking into account the directors' capacity to diligently and efficiently perform their duties and responsibilities to the boards they serve.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.	Not Applicable
Non-Executive Director	The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations.	Not Applicable
CEO	In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised. (Section	Not Applicable

	2.2. of the Manual on Corporate Governance)	
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(c) 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
MARTIN P. LORENZO		200 / PCD Nominee	0.00%
		102,876,250 / CAT Resource Asset & Holdings, Inc. as PCD Participant ³	36.41%
		200 / PCD Nominee	0.00%
FERNANDO C. COJUANGCO		98,841,890 / CAT Resource Asset & Holdings, Inc. as PCD Participant ⁴	34.98%
MARCO P. LORENZO		200 / PCD Nominee	0.00%
VIGOR D. MENDOZA II		200 / PCD Nominee	0.00%
FERNAN VICTOR P. LUKBAN		200 / PCD Nominee	0.00%
RENATO B.PADILLA	10		0.00%
BENJAMIN I. ESPIRITU	10		0.00%
TOTAL			71.40%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

While the Chairman and Chief Executive Officer positions are being held by one and the same individual, the President and Chief Operating Officer whose function includes overseeing the operations of the Company are held by another individual and they are not related to each other. Below are the officers mentioned:

³ Amended SEC 23-B of Martin Ignacio P. Lorenzo filed on 28 December 2016 for period covered July 2015.

⁴ Amended SEC 23-B of Fernando Ignacio C. Cojuangco filed on 28 December 2016 for period covered July 2015.

Chairman of the Board and CEO	MARTIN P. LORENZO
President and COO	FERNANDO C. COJUANGCO

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	The Manual on Corporate Governance provides:	
	2.3 The Chair and Chief Executive Officer	
	The roles of Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and CEO upon their election.	
	If the positions of Chair and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.	
Accountabilities	The duties and responsibilities of the Chair in relation to the Board include, among others, the following: (1) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; (2) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and (3) Maintain qualitative and timely lines of communication and information between the Board and Management.	
Deliverables	Board Meetings are run efficiently and in a collegial manner; communication and information between the Board and the Management thru the COO are maintained	

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board's oversight responsibility pursuant to Section 6.1 of the Manual on Corporate Governance includes the following:

- (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.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. It is the function of the nomination committee to identify and recommend candidates nominated by a stockholder for election or re-election to the board or for appointment to fill-up any vacancy in the board. It is also the function of the committee to review on an annual basis after taking into account the board's anticipated needs for the ensuing year, the appropriate size and the current position of the board in light of the characteristics of independence, diversity, age, skills, experience, availability of service to the company, and such other attributes as the committee shall deem relevant to an individual's qualification to serve on the board.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. Among the criteria of the nomination committee in identifying and recommending candidates for election or re-election to the board is the candidate's relevant experience in the sector or industry the company belongs to, in this instance the sugar industry.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Executive directors provide entrepreneurial and strategic leadership for the business of the company. The CEO primarily implements the decisions and resolutions of the Board of Directors. The COO is responsible for the day to day management of the company. The CFO ensures that the financial resources of the company are available to achieve the objectives of the company.	The Non-Executive Directors provide critical scrutiny of management and business performance through their commendable experience in management, knowledge and experience of the business. They cater to enhance decision-making of the Board, work environment, and the relationship between management / executive directors and independent directors.	The Independent Directors provide an impartial evaluation of the corporate performance resulting in the formulation of necessary guidelines and advice based on their competence and expertise.
Accountabilities	It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.		
Deliverables	The Executive Directors propose strategies, policies, standards and the over-all general direction of the company.	The Non-Executive Directors provide assurance of having fair and reasonable management plans, proposals and course of	The Independent Directors further unbiased structure of management plans, proposals and

Further, they oversee and monitor that the approved resolutions of the Board concerning such strategies, policies, standards and over-all general direction of the company is properly implemented.	actions	course of actions that will be beneficial for and is at par with the objectives of the company.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Based on the Company's Manual on Corporate Governance, Section 2.1, thereof provides that "The corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2)."

SEC Memorandum Circular No. 16, Series of 2002, provides in part that –

- A. Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:
 - i. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
 - ii. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
 - iii. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
 - iv. Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;
 - v. Is not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
 - vi. Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.
- B. When used in relation to a company subject to the requirements above:
- i. Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
 - ii. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director shall have the following qualifications:

- i. He shall have at least one (1) share of stock of the corporation;
- ii. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
- iii. He shall possess integrity/probity; and
- iv. He shall be assiduous.

D. An independent director shall be disqualified as such during his tenure under the following instances or causes:

- (i) He becomes an officer or employee of the Corporation, or becomes any of the persons enumerated under letter (A) above and
- (ii) His beneficial security ownership exceeds 10% of the outstanding capital stock of the Corporation where he is such director;
- (iii) Fails without justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Board is aware of and shall comply with SEC Memorandum Circular No. 9, series of 2011 (which took effect on January 2, 2012) putting a limit on the number of years that an independent may serve as such. Prior to the issuance and effectivity of said memorandum circular, the Company does not observe a term limit for its independent directors, as long as the independent director has all the qualifications and none of the disqualifications.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

There has been no change in the composition of the Board of Directors.

(b) Selection/Appointment; Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		

<p>(i) Executive Directors</p>	<p>Nominees for the Board are submitted to the Nominations Committee, which evaluates the nominee's/candidate's qualifications and/or eligibility to become a Director. The Committee also considers the skills and characteristics necessary and appropriate for directors in the context of the Company's current needs and the Board's current composition, in order to achieve a Board composed of individuals with a mix of background and experience in various areas of core competency relevant to the business of the Company.</p>	<p>Section 4 of the Company's Manual on Corporate Governance, which states:</p> <p>"4. Qualifications of Directors</p> <p>In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:</p> <p>a) College education or equivalent academic degree;</p> <p>b) Practical understanding of the business of the corporation;</p> <p>c) Membership in good standing in relevant industry, business or professional organizations; and</p> <p>d) Previous business experience."</p>
<p>(ii) Non-Executive Directors</p>	<p>Upon determining that the nominee or candidate is qualified/eligible or disqualified, then the Committee either accepts or denies the nomination, and submits its recommendation to the Board of Directors.</p>	<p>Same as above (Section 4 of the Company's Manual on Corporate Governance) and SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors.</p>
<p>(iii) Independent Directors</p>	<p>Same as above</p>	<p>Same as above</p>
<p>b. Re-appointment</p>		
<p>(i) Executive Directors</p>	<p>Same as above</p>	<p>Director maintains the qualifications and none of the disqualifications as enumerated and defined under the Company's Manual on Corporate Governance and the Revised Rules on Corporate Governance</p>
<p>(ii) Non-Executive Directors</p>	<p>Same as above</p>	<p>SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors</p>
<p>(iii) Independent Directors</p>	<p>Same as above</p>	<p>SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors</p>
<p>c. Permanent Disqualification</p>		
		<p>Section 5, Subsection 5.1 of the Company's Manual on Corporate Governance, provides:</p> <p>"5.1 Permanent Disqualification.</p>

<p>(i) Executive Directors</p>	<p>Same as above</p>	<p>The following shall be grounds for the permanent disqualification of a director:</p> <p>(a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has</p>
<p>(ii) Non-Executive Directors</p>	<p>Same as above</p>	<p>The following shall be grounds for the permanent disqualification of a director:</p> <p>(a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has</p>

		<p>otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(d) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or SSP, or any of its rule, regulation or order;</p> <p>(e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(f) Any person judicially declared as insolvent;</p> <p>(g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sub-paragraphs (1) to (5) above;</p> <p>(h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.”</p> <p>A temporary disqualified director who fails to take action to remedy or correct the qualification within a period of sixty (60) days from such</p>
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		disqualification shall be disqualified permanently (2 nd paragraph, Section 5.2 of the Company's Manual on Corporate Governance.
(iii) Independent Directors		Same as above (Section 5, sub-section 5.1 of the Company's Manual on Corporate Governance) and SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors
d. Temporary Disqualification		
(i) Executive Directors	Same as above	<p>Section 5, sub-section 5.2 of the Company's Manual on Corporate Governance provides:</p> <p>"5.2. Temporary Disqualification. The Board may provide for the temporary disqualification of a director for any of the following reasons:</p> <p>(a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(b) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(c) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>(d) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the</p>
(ii) Non Executive Directors	Same as above	

		limit is later compiled with.
(iii) Independent Directors		Same as above (Section 5, Sub-section 5.2 of the Company's Manual on Corporate Governance) and SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors
e. Removal		
(i) Executive Directors	Section 28 of the Corporation Code provides: " Sec. 28. Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote. Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of a removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand.	Section 5, Subsection 5.1 of the Company's Manual on Corporate Governance, provides: "5.1 Permanent Disqualification. The following shall be grounds for the permanent disqualification of a director: (a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures, commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; (b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or
(ii) Non-Executive Directors		

<p>(iii) Independent Directors</p>		<p>Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of this Code.</p>	<p>investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(d) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or SSP, or any of its rule, regulation or order;</p> <p>(e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(f) Any person judicially declared as</p>
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		insolvent; (g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sub-paragraphs (1) to (5) above; (h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.”
f. Reinstatement		
(i) Executive Directors	A proposal for the reinstatement of a Director is submitted to Nominations Committee. Upon determining that the Director is qualified for re-instatement, then the Committee submits its recommendation to the Board of Directors, for the latter's appropriate action.	A temporary disqualified director who fails to take action to remedy or correct the qualification within a period of sixty (60) days from such disqualification shall be disqualified permanently (2 nd paragraph, Section 5.2 of the Company's Manual on Corporate Governance.
(ii) Non-Executive Directors	Same as above	SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors
(iii) Independent Directors	Same as above	
g. Suspension		
(i) Executive Directors		
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors		

Voicing Result of the last Annual Stockholders' Meeting held on January 26, 2016.

Name of Director	Votes Received
MARTIN P. LORENZO	88.16%
FERNANDO C. COJUANGCO	88.16%
MARCO P. LORENZO	88.16%
VIGOR D. MENDOZA II	88.16%
FERNAN VICTOR P. LUKBAN	88.16%
RENATO B. PADILLA	88.16%
BENJAMIN I. ESPIRITU	88.16%

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any. Newly elected directors are furnished a copy of the Company's Manual on Corporate Governance, and encouraged to attend a seminar on corporate governance.
- (b) State any in-house training and external courses attended by Directors and Senior Management⁵ for the past three (3) years:
- (c) Continuing education programs for directors, programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
MARTIN P. LORENZO	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
FERNANDO C. COJUANGCO	December 16, 2016	Corporate Governance Seminar	ROAM, Inc.
MARCO P. LORENZO	December 16, 2016	Corporate Governance Seminar	ROAM, Inc.
VIGOR D. MENDOZA II	December 16, 2016	Corporate Governance Seminar	ROAM, Inc.
FERNAN VICTOR P. LUKBAN	March 9, 2016	Distinguish Corporate Governance Speaker Series	Institute of Corporate Directors
	November 9, 2016	Enhancing Audit	Institute of Corporate

⁵ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

		Committee Effectiveness (Essentials)	Directors
		Corporate Governance Forum	Securities and Exchange Commission
RENATO B. PADILLA	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
BENJAMIN I. ESPIRITU	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
WELLERITA D. AGUAS	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
CECILE D. MACCALAY	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
JANETTE L. PENA	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
ADDISON B. CASTRO	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
MARCELO KARAAN	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
ALLAN LIWANAG	November 22, 2016	3 rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Based on the Company's Manual on Corporate Governance, more particularly Section 3 thereof. 3. Specific Duties and Responsibilities of a Director A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. A director should observe the following norms of conduct:	Must observe the same norms of conduct as directors, more particularly: a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.	Employees are required to make a full disclosure of possible conflict of interest. Conflict of Interest Questionnaire is routed to the employees every annually. Transacting personal business on company premises whether the employee is on or off-duty is prohibited and subject to disciplinary action ranging from reprimand to dismissal. Any employee who commits an act of immorality and whose immoral conduct interferes with the proper performance of his duties, or cause actual harm to the interest of the Company or has a reasonable tendency to cause such harm shall be penalized with termination of employment
(b) Conduct of Business and Fair Dealings	a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his	Violation of the non-compete clause in the employment contract is a ground for termination due to loss of trust and confidence.	Any employee who by any of the means falsified document to the damage or detriment of the interest of the Company, or with the intention of causing such damage or detriment to Company interests shall be penalized with termination of employment.
(c) Receipt of gifts from third parties	Must not use his position to profit or gain some benefit or advantage for himself and/or his related interests.		

	<p>impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.</p> <p>b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</p> <p>A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>c) Act judiciously.</p>	<p>Based on the Company's Code of Conduct:</p> <p><i>Central Azucarera de Tarlac (CAT)</i>, 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.</p> <ul style="list-style-type: none"> 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. <p><i>Central Azucarera de Tarlac (CAT)</i>, 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 we operate.</p> <p>To achieve this commitment, CAT shall adhere to these principles that lead to the following statements:</p> <p><u><i>Continuous Improvement to Sustain Development</i></u></p> <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><i>Prevention</i></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.
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(d) Compliance with Laws & Regulations

	<p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>d) Exercise independent judgment.</p> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the corporation.</p>	<ul style="list-style-type: none"> • 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>(e) Respect for Trade Secrets/Use of Non-Public Information</p>	<p>e) Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</p>	<p>Violation of non-disclosure agreement / clause, as the case may be, is a ground for termination of employment by reason of loss of trust and confidence.</p> <p>Any employee whose duties or functions entail knowledge of or accesses to any confidential information and who divulges the same, with or without prompting, to unauthorized persons shall be penalized with termination of employment.</p>
<p>(f) Use of Company Funds, Assets and Information</p>	<p>A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.</p> <p>f) Observe confidentiality.</p>	<p>Any employee who steals, pilfers or misappropriates Company funds or its equivalent, materials, property or asset for personal gain or the gain of another shall be penalized with termination of employment.</p> <p>Any employee who while operating, using, utilizing, manipulating, or while in custody of any vehicle, equipment, machine, or instrument of the Company, by negligence causes physical injury to, or the death of any person shall be subjected to</p>

	A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.		disciplinary action ranging from suspension to dismissal, depending on the amount of damage and frequency of the offense.
(g) Employment & Labor Laws & Policies		The Anti-Sexual Harassment Policy and Drug Free Workplace Policy are in place.	In addition to the Anti-Sexual Harassment and Drug Free Workplace Policy, the Company's employment relations committee also undertakes issues related to existing labor laws.
(h) Disciplinary Action		<p>Types of Disciplinary Actions under the Company's Code of Conduct:</p> <p>Any employee who commits any of the offenses in the Company Policies and Rules and Regulations may be disciplined in accordance with the following Table of Penalties:</p> <ol style="list-style-type: none"> 1. Written Warning – notice or advice given to an employee for having committed an offense, reminding or calling his/her attention of sterner penalties which may be imposed in case of repetition of the same offense. 2. Suspension – this place an employee under suspension without pay for the specified period of day(s), and all fringe benefits may also be considered suspended during the period of suspension. 3. Dismissal – this is termination of An employee for commission of an extremely serious violation or any repeated offenses. <p>Violation of non-disclosure agreement / clause, as the case may be, is a ground for termination of employment by reason of loss of trust and confidence.</p> <p>Violation of the non-competete clause in the employment contract is a ground for termination due to loss of trust and confidence</p>	
(i) Whistle Blower		This policy provides a formal procedure for a whistle blower, who may be a director, officer, employee, or other third party, who may raise his/her concerns regarding an illicit or unethical event inside the Corporation.	The whistleblower may send a report through any available means of communication to the Human Resources Department. The report shall be treated in utmost confidence and the identity of the

		<p>whistleblower shall not be disclosed, except when the whistleblower 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>(i) Conflict Resolution</p>		<p>Grievance procedure; mediation and conciliation; arbitration, and administrative investigation, as the case may be. The Company's employment relations committee, composed of equal representation from the management and employees, handles issues of any violation of the Company's policies on Ethics and Good Governance and Company Rules and Regulations. The committee also conducts investigation and makes recommendations on the reviewed and investigated cases.</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	<p>CAT shall comply with the prescribed laws, rules and regulations relative to transactions involving related parties. Policies and procedures are formulated and strictly implemented to 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.</p> <p>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. The Corporation, in the normal course of business, has transactions with related parties.</p> <p>However, to ensure integrity and transparency, all material information about the related party transaction, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed through the appropriate Exchange mechanisms and submissions to the Securities and Exchange Commission.</p> <p>In addition, the Corporation's operations are not dependent on its related parties and it provides sufficient working capital support to its related parties</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse /children/siblings/parents	
(7) Directors including spouse /children/siblings/parents	

(g) Interlocking director relationship of Board of Directors	
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(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	<p>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).</p> <p>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.</p>
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	Type of Relationship	Brief Description of the

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

Significant Shareholders	Relationship
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 Significant Shareholders	Type of Relationship	Brief Description
Luisita Trust Fund	Luisita Trust Fund is a non-contributory retirement fund 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	MARTIN P. LORENZO	Jan. 26, 2016	8	8	100
Member	FERNANDO C. COJUAGNCO	Jan. 26, 2016	8	6	75
Member	MARCO P. LORENZO	Jan. 26, 2016	8	7	87.50
Member	VIGOR D. MENDOZA II	Jan. 26, 2016	8	7	87.50
Member	FERNAN VICTOR P. LUKBAN	Jan. 26, 2016	8	8	100
Independent	RENATO B. PADILLA	Jan. 26, 2016	8	5	62.25
Independent	BENJAMIN I. ESPIRITU	Jan. 26, 2016	8	8	100

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? No.

- 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 at least two-thirds of the board members, with at least one (1) Independent Director present, and all Board decisions were unanimously approved.

- 5) Access to Information
- (a) How many days in advance are board papers⁷ for board of directors meetings provided to the board? At least five (5) working 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.

⁷ 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.

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, Atty. Janette L. 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. Atty. Peña is also the 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., and Corporate Secretary for Macorndray & Co., Inc., other subsidiaries, among others.

(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 in advance for their committee meetings. In the event that the information sought is not available at the Office of the Secretary, then the latter shall secure the same from the appropriate office/s.
Audit	
Nomination	
Remuneration	

Others (specify) _____

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 advice 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) Changes in existing policies

Indicate, if applicable, any changes 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 /	According to Section 9, Article III of the By-Laws of the Corporation, "The board shall fix the compensation or salary of the President, Vice-President, General Manager, Treasurer, Secretary and other duly elected or appointed officer or officers."
(3) Per diem allowance	Compensation Remuneration Committee /	Not applicable
(4) Bonus	Compensation Remuneration Committee /	Not applicable
(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	In accordance with the By-Laws of the Corporation, "The Board of Directors shall receive a fee of five percent (5%) of the net profits of the Corporation which shall be distributed proportionately among the directors and a per diem of not less than FIVE HUNDRED (P500.00) PESOS for every board meeting actually attended.		
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.

Yes. Any amendments to the by-laws which provides the directors' compensation require the approval /ratification of the stockholders. In a special stockholders' meeting held on June 15, 2016, the stockholders approved the following changes in Section 5, Article III of the Amended By-Laws, which provides:

"5. DIRECTOR'S COMPENSATION – The Board of Directors shall receive a fee of up to three percent (3%) of the net profits of the Corporation which shall be distributed proportionately among the directors; and each director shall receive a reasonable per diem in an amount to be determined by the Board of Directors for every board meeting actually attended. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor"

⁵ The amendments to the By-Laws of the Company is filed with and awaiting for the approval of the Securities and Exchange Commission.