

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 2015

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

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

4. SEC Identification Number 727

5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number 000229931

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	8
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. COJUANGCO	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 C. Cojuangco, no relationship either by affinity or consanguinity, and neither did he have any professional or business relationship with ID	Jan. 31, 2012	Jan. 21, 2016 3 years as ID	Annual Meeting	4

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 2 years as ID	Annual Meeting	3
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- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

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 bylaws, 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 Group¹

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
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

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Not Applicable	Not Applicable	Not Applicable

(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. 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. 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 2.2. of the Manual on Corporate Governance)	Not Applicable
Non-Executive Director		Not Applicable
CEO		Not Applicable

(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		20 / PCD Nominee	0.00%
		10,287,655 / CAT Resource Asset & Holdings, Inc. as PCD Participant ²	36.4%
FERNANDO C. COJUANGCO		20 / PCD Nominee	0.00%
		9,884,219 /CAT Resource Asset & Holdings, Inc. as PCD Participant ³	35.00%
MARCO P. LORENZO		20/PCD Nominee	0.00%
VIGOR D. MENDOZA II		20/PCD Nominee	0.00%
FERNAN VICTOR P. LUKBAN		20/PCD Nominee	0.00%
RENATO B.PADILLA	1		0.00%
BENJAMIN I. ESPIRITU	1		0.00%
TOTAL			71.40%⁴

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 positions are held by another individual and they are not related to each other. Below are the officers mentioned:

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

² Based on Annual Report 2015-2016

³ Based on Annual Report 2015-2016

⁴ Based on Annual Report 2015-2016

(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:	
Accountabilities	<p>2.3 The Chair and Chief Executive Officer</p> <p>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.</p> <p>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.</p> <p>The duties and responsibilities of the Chair in relation to the Board include, among others, the following:</p> <p>(1) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;</p> <p>(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</p> <p>(3) Maintain qualitative and timely lines of communication and information between the Board and Management.</p>	
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	<p>Executive directors provide entrepreneurial and strategic leadership for the business of the company.</p> <p>The CEO primarily implements the decisions and resolutions of the Board of Directors;</p> <p>The COO is responsible for the day to day management of the company;</p> <p>The CFO ensures that the financial resources of the company are available to achieve the objectives of the company.</p>	<p>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 working relationship between management / executive directors and independent directors.</p>	<p>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.</p>
Accountabilities	<p>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.</p>		
Deliverables	<p>The Executive Directors propose strategies, policies, standards and the over-all general direction of the company.</p> <p>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</p>	<p>The Non-Executive Directors provide assurance of having fair and reasonable management plans, proposals and course of actions</p>	<p>The Independent Directors further assures unbiased structure of management plans, proposals and course of actions that will be beneficial for and is at par with the objectives of the company.</p>

	is properly implemented.		
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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		
(i) Executive Directors	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	Section 4 of the Company's Manual on Corporate Governance, which states: "4. Qualifications of Directors 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:

(ii) Non-Executive Directors	<p>a mix of background and experience in various areas of core competency relevant to the business of the Company.</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>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>
(iii) Independent Directors		<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>
b. Re-appointment		
(i) Executive Directors	Same as above	<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>
(ii) Non-Executive Directors		
(iii) Independent Directors	Same as above	<p>SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors</p>
c. Permanent Disqualification		
(i) Executive Directors	Same as above	<p>Section 5, Subsection 5.1 of the Company’s Manual on Corporate Governance, provides:</p> <p>“5.1 Permanent Disqualification. 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</p>

		<p>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 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</p>
(ii) Non-Executive Directors	Same as above	

		<p>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 disqualification shall be disqualified permanently (2nd paragraph, Section 5.2 of the Company’s Manual on Corporate Governance.</p>
(iii) Independent Directors		<p>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</p>

		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 limit is later complied with.</p>
(ii) Non Executive Directors	Same as above	
(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 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. 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	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 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. The disqualification shall also apply if such person is currently the subject of an order of the
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>members of the right of representation to which they may be entitled under Section 24 of this Code.</p>	<p>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 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)</p>
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		<p>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 disqualification shall be disqualified permanently (2nd paragraph, Section 5.2 of the Company’s Manual on Corporate Governance.</p> <p>SEC Memorandum Circular No. 16, Series of 2002 - Guidelines on the Nomination and Election of Independent Directors</p>
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f. Re-instatement

(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.	Same as above
(ii) Non-Executive Directors		
(iii) Independent Directors		

g. Suspension

(i) Executive Directors	Same as above	Same as above
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting 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	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.
FERNANDO C. COJUANGCO	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.
MARCO P. LORENZO	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.
VIGOR D. MENDOZA II	December 8, 2015	Corporate Governance Seminar	ROAM, Inc.
FERNAN VICTOR P. LUKBAN	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.
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	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.
CECILE D. MACAALAY	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.
JANETTE L. PEÑA	October 30, 2015	Corporate Governance Seminar	ROAM, Inc.

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

ADDISON B. CASTRO	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
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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	<p>Based on the Company's Manual on Corporate Governance, more particularly Section 3 thereof.</p> <p>3. Specific Duties and Responsibilities of a Director</p> <p>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:</p>	<p>Must observe the same norms of conduct as directors, more particularly:</p> <p>a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.</p> <p>b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities</p> <p>Violation of the non-compete clause in the employment contract is a ground for termination due to loss of trust and confidence.</p>	<p>Employees are required to make a full disclosure of possible conflict of interest. Conflict of Interest Questionnaire is routed to the employees every annually.</p> <p>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.</p>
(b) Conduct of Business and Fair Dealings	<p>a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.</p> <p>The basic principle to be observed is that a</p>		<p>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</p> <p>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</p>

	<p>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.</p>		<p>interests shall be penalized with termination of employment.</p>
(c) Receipt of gifts from third parties		<p>Must not use his position to profit or gain some benefit or advantage for himself and/or his related interests.</p>	
(d) Compliance with Laws & Regulations	<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</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>Continuous Improvement to Sustain Development</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>Prevention</u></p>	

	<p>meeting materials and, if called for, ask questions or seek explanation.</p> <p>c) Act judiciously.</p> <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 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>(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</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 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,</p>

	<p>and business trends in order to promote the corporation's competitiveness.</p> <p>f) Observe confidentiality.</p> <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.</p>		<p>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 disciplinary action ranging from suspension to dismissal, depending on the amount of damage and frequency of the offense.</p>
(g) Employment & Labor Laws & Policies		<p>The Anti-Sexual Harassment Policy and Drug Free Workplace Policy are in place.</p>	<p>In addition to the Anti-Sexual Harassment and Drug Free Workplace Policy, the Company's Labor Management Council also undertakes issues related to existing labor laws.</p>
(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-compete clause in the employment contract is a ground for termination</p>	

		due to loss of trust and confidence
(i) Whistle Blower		<p>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.</p> <p>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 whistleblower shall not be disclosed, except when the whistle blower may be put to testify in court.</p> <p>Anonymous reports, though not prohibited, are highly discouraged as the veracity of the information may be put in issue.</p> <p>Intentionally submitting a false report/allegation or fabricating any material evidence shall be dealt with severely. Proper disciplinary action may be sanctioned against the employee, without prejudice to the right of the Corporation or the aggrieved party to initiate any civil or criminal suit.</p>
(j) Conflict Resolution		<p>Grievance procedure; mediation and conciliation; arbitration, and administrative investigation, as the case may be. The Company's Labor Management Council, 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 council 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</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	

(5) Substantial Stockholders	<p>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>
(6) Officers including spouse /children/siblings/parents	
(7) Directors including spouse /children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not Applicable
Name of Officer/s	Not Applicable
Name of Significant Shareholders	Not Applicable

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	<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</p>

	directors, officers and significant shareholders.
Group	Not Applicable

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁶ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Not Applicable	Not Applicable	Not Applicable

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related 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

⁶Family relationship up to the fourth civil degree either by consanguinity or affinity.

	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	6	6	100
Member	FERNANDO C. COJUAGNCO	Jan. 26, 2016	6	4	66.66
Member	MARCO P. LORENZO	Jan. 26, 2016	6	5	83.33
Member	VIGOR D. MENDOZA II	Jan. 26, 2016	6	5	83.33
Member	FERNAN VICTOR P. LUKBAN	Jan. 26, 2016	6	6	100
Independent	RENATO B. PADILLA	Jan. 26, 2016	6	4	66.66
Independent	BENJAMIN I. ESPIRITU	Jan. 26, 2016	6	6	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?

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.

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.

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 Macondray & 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) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Not Applicable	Not Applicable	Not Applicable

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Compensation /Remuneration Committee	As determined by the Compensation /Remuneration Committee upon Recommendation of the CEO or COO, as the case may be. 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.."
(2) Variable remuneration	Compensation / Remuneration Committee	
(3) Per diem allowance	Compensation / Remuneration Committee	
(4) Bonus	Compensation / Remuneration Committee	
(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 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."⁸

Remuneration Scheme	Date of Stockholders' Approval
Not Applicable	Not Applicable

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year⁹:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	276,500		
(d) Bonuses	N/A		
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Transportation	138,250		
Total	414,750		

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(1) Advances	N/A	N/A	N/A
(2) Credit granted	N/A	N/A	N/A

⁸ The amendments to the By-Laws of the Company is filed with and awaiting for the approval of the Securities and Exchange Commission.

⁹ The data provided covers compensation for EDs and Officers based on the Annual Report for Fiscal Year 2015-2016.

(3) Pension Plan / Contributions	N/A	N/A	N/A
(4) Pension Plans, Obligations incurred	N/A	N/A	N/A
(5) Life Insurance Premium	N/A	N/A	N/A
(6) Hospitalization Plan	N/A	N/A	N/A
(7) Car Plan	N/A	N/A	N/A
(8) Others (Specify)	N/A	N/A	N/A
Total	N/A	N/A	N/A

(4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
Not Applicable	Not Applicable	Not Applicable

(5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Wellerita D. Aguas	7,720,442.88
Marcelo P. Karaan II	

All other officers and directors as a group	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1		The by-laws of a corporation may create an executive committee, composed of not less than three members of the board, to be appointed by the board. Said committee may act, by majority vote of all its members, on such specific matters within the competence of the board, as may be delegated to it in the by-laws or on a majority vote of the board, except with respect to: (1) approval of any action for which shareholders' approval is also required; (2) the filing of vacancies in the board; (3) the amendment or repeal of by-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable; and (5) a distribution of cash dividends to the shareholders. (Section 36, Corporation Code of the Philippines, as amended)			
Audit	1	1	1	Manual on Corporate Governance	Section 9 of the Company's Manual on Corporate Governance provides the functions of the following Committees: "9.1 The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions: (a) Assist the Board in the performance of its, oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;		
Nomination	1	1	1	Manual on Corporate	(b) Provide oversight over		

				Governance	<p>Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation, This function shall include regular receipt, from Management of information on risk exposures and risk management activities;</p> <p>(c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>(d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;</p> <p>(e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>(f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>(g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;</p> <p>(h) Review the reports submitted by the internal and external auditors;</p> <p>(i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p>
Remuneration	1	1	1	Manual on Corporate Governance	<ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Major judgmental areas • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards

				<ul style="list-style-type: none"> • Compliance with tax, legal and regulatory requirements. <p>(j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>(k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;</p> <p>(l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.</p> <p>9.2 The Board may also organize the following committees:</p> <p>(a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;</p> <p>(b) A Compensation or Remuneration Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates."</p>
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Others (specify)							
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2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Martin P. Lorenzo	Jan. 26, 2016				2 years
Member (ED)	Fernando C. Cojuangco	Jan. 26, 2016				2 years
Member (NED)	Fernan Victor P. Lukban	Jan. 26, 2016				2 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin I. Espiritu	Jan. 26, 2016	1	1	100%	2 years
Member (ED)	Martin P. Lorenzo	Jan. 26, 2016	1	1	100%	2 years
Member (ED)	Fernan Victor P. Lukban	Jan. 26, 2016	1	1	100%	2 years

Disclose the profile or qualifications of the Audit Committee members.

Benjamin I. Espiritu Ph. D, age 64, Filipino, is an Independent Director of the Company. He is a practicing Certified Public Accountant, President & CEO of Change Management International, Inc. and Chairman of Banco de Mindoro, Inc. He was Dean of Far Eastern University Makati, and Chair of the Accounting, Finance, Business and Governance Department of the De La Salle University Graduate School of Business. He served as Governor of the Province of Oriental, Mindoro. He earned his Ph.D., Major in Public Administration from the University of Santo Tomas, Master in National Security Administration from the National Defense College of the Philippines, Master of Business Administration and Bachelor of Science in Commerce, Major in Accounting degrees from De La Salle University.

Martin Ignacio P. Lorenzo, age 51, Filipino, is currently the Chairman & Chief Executive Officer of CAT. Concurrently, he is also the Chairman and Chief Operating Officer of CAT Resource & Asset Holdings Inc. He holds the same position in the investment holding company of CAT, First Lucky Holdings Corporation, and its subsidiaries, namely, Restaurants Concepts Group, Inc., Amang Rodriguez Holdings, Inc. Cocosorbetero Holdings, Inc., Hospitality School Management Group, Inc. Mr. Lorenzo is likewise the Chairman and Chief Executive Officer of Marlor Investments Corporation and holds the same position in its

subsidiaries: Blue Mountains Corporation and LAC-DC. He is also the Chairman and President of First Lucky Property Corporation. He currently holds position in other investment companies, namely, St. Tropez Holdings Corporation and Sierra Madre Capital. He is a Director in Familia Lorenzo Foundation, Incorporated. Mr. Lorenzo has over 20 years of extensive experience in investments and operations in various industries including agriculture, manufacturing and food retail. He obtained his BS Management Engineering degree at Ateneo de Manila University in 1986. He obtained his Masters in Business Administration in Wharton Graduate School, University of Pennsylvania, in 1990.

Fernan Victor P. Lukban, age 55, Filipino, is a Director of the Company. He is one of the top Strategy and Family Business consultants in the Philippines. He is a founding fellow at the Institute of Corporate Directors in Manila and is also an International Fellow of the Australian Institute of Company Directors. He holds undergraduate degrees in Engineering from De La Salle University and graduate degrees in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific, Manila. He also has a Master's degree in Business Administration from IESE, Barcelona, Spain.

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

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

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

xxxxx

- (c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- (e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

xxxxx

- (h) Review the reports submitted by the internal and external auditors;
- (i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- (j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the

corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;

XXXXX

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Fernando C. Cojuangco	Jan. 26, 2016	No meeting has been held since the date of appointment considering that directors to be elected in the next Annual Stockholders' Meeting scheduled on the last Tuesday of January 2017 have yet to be nominated.			2 years
Member (NED)	Fernan Victor P. Lukban	Jan. 26, 2016				2 years
Member (ID)	Renato B. Padilla	Jan. 26, 2016				2 years
Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Martin P. Lorenzo	Jan. 26, 2016	1	1	100%	2 years
Member (NED)	Fernan Victor P. Lukban	Jan. 26, 2016	1	1	100%	2 years
Member (ID)	Renato B. Padilla	Jan. 26, 2016	1	1	100%	2 years

(d) Remuneration / Compensation Committee

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Not Applicable	Not Applicable
Audit	Not Applicable	Not Applicable

Nomination	Not Applicable	Not Applicable
Remuneration	Not Applicable	Not Applicable
Others (specify)	Not Applicable	Not Applicable

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	<p>Reviewed the Company's unaudited interim quarterly and audited annual financial statements and discussed said financial statements with Management and the Company's External Auditor, SGV & Co., before submission to the Board;</p> <p>Reviewed and discussed the overall scope of the engagement of the External Auditor, SGV & Co.</p>	<p>Compliance with accounting standards; compliance with tax, legal and regulatory requirements; going concern assumptions</p>
Nomination	<p>Reviewed the qualifications and determined the eligibility of the persons nominated as Directors as well as those nominated to positions requiring the approval of the Board of Director</p>	<p>Those nominated as Directors and other positions requiring board approval possessed the qualifications and none of the disqualifications in accordance with the Manual on Corporate Governance, By-Laws, and the SEC Guidelines on the Nomination and Election of Independent Directors</p>
Remuneration	<p>Reviewed and approved the compensation and remuneration of the executive directors and officers</p>	<p>Compensation and remuneration of the executive directors officers are adequate and equitable.</p>

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		

Audit	To continue performing its oversight functions pursuant to the Company's Manual on Corporate Governance, more particularly the review of the Company's unaudited interim quarterly and audited annual financial statements, and to monitor the Company's compliance with tax, legal and regulatory requirements.	<ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Major judgmental areas • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards • Compliance with tax, legal and regulatory requirements.
Nomination	To review and evaluate the qualifications of the persons nominated as Directors as well as those nominated to positions requiring the approval of the Board of Directors	To ensure that persons nominated for the position of Board of Director and those appointed requiring approval of the Board of Directors possess all the qualifications and non of the qualifications, in accordance with the Company's Manual on Corporate Governance and By-laws
Remuneration	To review the remuneration of executive directors more particularly the CEO and the COO	To ensure that the remuneration/compensation of the CEO and the COO is competitive and equitable

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

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

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

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

(c) Period covered by the review;

End of fiscal year.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The risk management system is reviewed at least once a year. However, should an extraordinary event or new developments not previously contemplated occur, then a review of the system, actual risks and measures, is undertaken.

The primary criteria for assessing the effectiveness of the system are: its ability to prevent the risk

from occurring, mitigate the effects of the risks should they happen, and the ability of the Company to effectively respond to the situation.

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

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

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

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Not applicable	Not applicable	Not applicable

(c) Minority Shareholders

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

Risk to Minority Shareholders
CRAHI is the owner of 71.4% of the Company's shares. Manual on Corporate Governance however, protects the rights of the minority shareholders.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

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

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Not Applicable	Not Applicable	Not Applicable

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee		The Audit Committee shall oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation, including regular receipt from the Management of information on risk

		exposures and risk management activities
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G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The Company's Manual on Corporate Governance provides:

"6. Internal Control Responsibilities of the Board

The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

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

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

6.2 An internal audit system shall be established that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are 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 2015.

(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 Outsource 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, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;"	In-house	Allan Liwanag Sycip Gorres Velayo & Company	Section 9.1(l) 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 outside parties."

- (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-assignment of 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
Issues¹⁰	No significant issues
Findings¹¹	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.]

- (f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company

¹⁰“Issues” are compliance matters that arise from adopting different interpretations.

¹¹“Findings” are those with concrete basis under the company’s policies and rules.

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 or confidentiality agreement with 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 or a confidentiality agreement with 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 or confidentiality agreement with 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 & Chief Executive Officer, President & Chief Operating Officer, Chairman of the Audit Committee who is an Independent Director, Independent Director and Compliance Officer, to the best of their knowledge, will attest to the Company’s full compliance with the Securities and Exchange Commission’s Corporate Governance Rules as set out in the SEC Memorandum Circular No. 5, Series of 2009.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customer's 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>Training for Attitudes, Skills and Knowledge Enhancement Program</p>
Supplier/contractor selection practice	<p>CAT maintains a shortlist of suppliers who were selected based on track record, dependability, reliability, quality and financial security.</p>	
Environmentally friendly value-chain	<p>Environmental Management System Policy based on the Company's Code of Conduct and Employee's Manual</p> <p>"Central Azucarera de Tarlac (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>Advance Training Course on Air Quality Management , Renewable Energy</p>

Continuous Improvement to Sustain Development

- 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.

Prevention

- 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.

Strict Compliance

- 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.

Safety

- 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,

	<p>occupational safety, and protection of the environment that shall improve productivity and reduce incidence of work accidents.</p> <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. 	
<p>Community interaction</p>	<p>Corporate Values based on the Company's Code of Conduct and Employee's Manual</p> <p>"VII. We Build Communities Beyond CSR.</p> <p>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."</p>	<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 dependents 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 programs and procedures?</p>	<p>The Company does not tolerate corrupt practices and considers the following conduct, contrary to its 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.</p>	
<p>Safeguarding creditors' rights</p>	<p>The Company is committed to fulfill its financial obligations and pay/settle its loans to the full satisfaction of its creditors.</p>	

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 for Fiscal Year 2015-2016

Number of Employees	472
Total Hours Worked by all employees during the year	1,697,024 Man Hours

Injury Summary

Total – All disabling injuries / illness	3 cases (12 lost work days)
Total - Non-disabling	51
Frequency Rate	1.77%
Severity Rate	7.07%

(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 Fiscal Year 2015-2016, employees of the Company underwent / attended the following training programs / seminars, to wit:

Fire Safety Training
Fire Watch
Contractor's Safety Orientation
CAT Employee Safety Orientation
Fire Watch
Contractor's Safety Orientation
CAT Employee Safety Orientation
First Aid Kit Usage
Confined Space Entry
Work Accident Form Usage
Safe Work Practices
Working At Heights

(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.

Moreover, the Company has initiated the constitution of a Labor Management Council, composed of members equally represented by the management and employees to address issues including any violation of policies on Ethics and Good Governance by conducting investigation and issuing recommendations thereon.

I. DISCLOSURE AND TRANSPARENCY

- 1) Ownership Structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee	20,171,914	71.4%	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 ¹²
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes

¹² Details provided in the ACGR, which is submitted together with the Annual Report

Training and/or continuing education programme attended by each director/commissioner	No ¹³
Number of board of directors/commissioners meetings held during the year	No ¹⁴
Attendance details of each director/commissioner in respect of meetings held	No ¹⁵
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.	1,000,000.00	Not Applicable

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: October 13, 2016

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	Yes
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.

7) Disclosure of RPT

¹³ Details provided in the ACGR, which is submitted together with the Annual Report

¹⁴ Details provided in the ACGR, which is submitted together with the Annual Report

¹⁵ Details provided in the ACGR, which is submitted together with the Annual Report

The Company's transactions with related parties are disclosed under Note 26, pages 45-47 of the Company's audited financial statements June 30, 2016 and 2015, among which are as follows:

Significant transactions with related parties included in the financial statements follow:

a. In 2015, the Parent Company sold land to North Star Estate Holdings, Inc (NSEHI) (see Note 15) and provided advances for working capital requirements resulting to a receivable from NSEH amounting to =P75.5 million in 2016 and 2015.

b. The Parent Company has advances from FLHC amounting to =P2.9 million and P=15.4 million as at June 30, 2016 and 2015, respectively.

c. The Parent Company also provided advances to CRAHI for working capital requirements and for the Subsidiary's settlement of promissory note due to its previous shareholders resulting to a receivable from CRAHI amounting to =P90.9 million and =P208.6 million in 2016 and 2015, respectively.

d. On June 30, 2014, the Subsidiary has advances from TDC and HLI, previous affiliates, amounting to =P1,380.2 million and =P252.6 million, respectively. As part of the MOA, wherein new owner group acquired all outstanding shares of the Company, the advances to TDC were settled in October 2014. The Company paid interest amounting to P=56.5 million and =P26.1 million in 2016 and 2015 respectively.

e. As of June 30, 2015, the Subsidiary has advances from CRAHI for the settlement of the promissory notes due to its previous shareholders amounting to P=181.0 million. During the year, CRAHI assigned to the Parent Company its receivable from the Subsidiary as part of the MOA.

f. In 2015, The Group made advances to LTF to partially fund the manpower reduction program amounting to =P259.7 million, in 2015. Advances from LTF as at June 30, 2016 amounted to =P247.3 million.

g. The Parent Company entered into a lease agreement with First Lucky Property Corporation (FLPC) for the transfer and lease of its corporate office commencing December 1, 2014 for a period of one year extendible at the option of the Parent Company..

h. Receivables from directors and employees represent loans and cash advances made by the Group for business expenses that are anticipated to be incurred by the employee, director, or officer in behalf of the Group.

Intercompany receivables and payables with related parties will be settled by way of offsetting arrangements and exchanges of real properties.

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.

J. 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)
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<p>From SEC Form 20-IS:</p> <p>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:</p> <p>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.</p> <p>In all items for approval except election of Members of the Board, each share of stock entitles its registered owner to one (1) vote.</p>
Description	<p>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.</p>

(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 <u>not</u> in The Corporation Code
<p>Section 14 (a) of the Company's Manual on Corporate Governance provides:</p> <p>a) The Board shall respect the rights of the stockholders as provided for in the Corporation Code; namely:</p> <p>(1) Right to vote on all matters that require their consent or approval;</p> <p>(2) Pre-emptive right to all stock issuances of the corporation;</p> <p>(3) Right to inspect corporate books and records;</p> <p>(4) Right to information;</p> <p>(5) Right to dividends; and</p> <p>(6) Appraisal right.</p>	<p>Section 14(b) of the Company's Manual on Corporate Governance provides:</p> <p>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.</p> <p>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.</p> <p>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.</p>

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
<p>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</p>	<p>Stockholders may ask questions directly to the Chairman of the Meeting or any of the Directors present;</p>

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

In accordance with the Corporation Code, the shareholders are entitled to participate in the above corporate decisions and such items require at least 2/3 votes of the shareholders. Moreover, 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 notices¹⁶ to the AGM where items to be resolved by shareholders are taken up? Yes
 - a. Date of sending out notices: January 5, 2016
 - b. Date of the Annual/Special Stockholders’ Meeting: January 26, 2016
4. State, if any, questions and answers during the Annual/Special Stockholders’ Meeting.

During the Annual Stockholders’ Meeting held on January 26, 2016, Mr. Soliven inquired about the large amount of the non-current assets in the current financial statement and goodwill, where the said items showed lower amounts in 2014 financial statement. Company’s Treasurer explained that the same is a result of a business consolidation without any tax exposure.

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

Annual Stockholders’ Meeting held on January 26, 2016

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Annual Meeting of the Stockholders held on 26 February 2015	88.16%	0	0
Approval of the Annual Report of the Company containing the Audited Financial Statements for the Fiscal Years 2014-2015 and the report of the independent Public Accountants.	88.16%	0	0
Ratification and confirmation of all acts of the Board for since the last annual meeting held on 26 February 2015. These acts are covered by Resolutions of the Board duly adopted in the normal course of trade or business	88.16%	0	0

¹⁶ The stockholders were given Definitive Information Statement in accordance with Securities Regulation Code’s Implementing Rules and Regulations, to wit:

*SRC IRR. 20.11.13. Written notice, stating the date, time and place of the annual meeting shall be sent to all stockholders of record at least two (2) weeks prior to the schedule annual stockholders’ meeting, unless a different period is required by the by-laws. **The distribution to stockholders of the information statement (SEC Form 20-IS) within the prescribed period under this Rule shall be sufficient compliance with the notice requirement.** (emphasis provided)*

involving, among other things, approval of projects/contracts, treasury matters including borrowings, opening of accounts and bank transactions; and appointment of signatories thereof.				
Election of the Members of the Board, including the independent directors, for the year 2016	MARTIN P. LORENZO	88.16%	0	0
	FERNANDO C. COJUANGCO	88.16%	0	0
	MARCO P. LORENZO	88.16%	0	0
	VIGOR D. MENDOZA II	88.16%	0	0
	FERNAN VICTOR P. LUKBAN	88.16%	0	0
	RENATO B. PADILLA	88.16%	0	0
	BENJAMIN I. ESPIRITU	88.16%	0	0
Appointment of SGV & Co. as External Auditors for the Year 2016		88.16%	0	0

Special Stockholders' Meeting held on June 15, 2016

Resolution	Approving	Dissenting	Abstaining
Ratification and confirmation of all acts of the approval of the Board for amendment to the Company's Articles of Incorporation and By-Laws.	88.16%	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 January 26, 2016 was immediately disclosed to the Philippine Stock Exchange and submitted to the Securities and Exchange Commission on February 1, 2016.

(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' Attendances

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

Type of Meeting	Names of Board members / Officers	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
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	present					
Annual	MARTIN P. LORENZO FERNANDO C. COJUANGCO MARCO P. LORENZO VIGOR D. MENDOZA II FERNAN VICTOR P. LUKBAN RENATO B. PADILLA BENJAMIN I. ESPIRITU	Jan. 26, 2016	By proxy and by show of hands			88.16%
Special	MARTIN P. LORENZO FERNANDO C. COJUANGCO MARCO P. LORENZO VIGOR D. MENDOZA II FERNAN VICTOR P. LUKBAN RENATO B. PADILLA BENJAMIN I. ESPIRITU	Jun 15, 2016	By proxy and by show of hands			88.16%

(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
Service of the Definitive Information Statement or the SEC Form No. 20-IS serves as written notice in accordance with the SRC Rules. The Definitive Information Statement were sent to the stockholders at least fifteen (15) days prior to the date of the Annual/Special Stockholders' Meeting.	By personal service or registered mail or courier service.

(i) Definitive Information Statements and Management Report

Annual Stockholders Meeting Held on January 26, 2016

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	395 Stockholders ¹⁷
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	December 17, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	January 5, 2016
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

¹⁷ Stockholders as of Record Date on 21 January 2016

Special Stockholders' Meeting held on 15 June 2016

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	394 Stockholders ¹⁸
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 18, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 25, 2016
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

¹⁸ Stockholders as of Record Date on 10 June 2016

(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	
(3) Modes of Communications	Telephone, Fax, Annual Reports, Quarterly Reports, Annual Stockholder's Meeting and Disclosures
(4) Investors Relations Officer	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.

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 <i>“The Ninoy Aquino Leadership Award”</i> in a form of medal to Valedictorians and Salutatorian High School graduates	Graduating High School students of Public and Private schools in the province of Tarlac
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 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


Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on OCT 12 2016 2016.

SIGNATURES


MARTIN IGNACIO P. LORENZO
 Chairman of the Board and
 Chief Executive Officer


FERNANDO IGNACIO C. COJUANGCO
 President and
 Chief Operating Officer


RENATO B. PADILLA
 Independent Director


BENJAMIN I. ESPIRITU
 Independent Director


ADDISON B. CASTRO
 Compliance Officer

SUBSCRIBED AND SWORN to before me this OCT 12 2016 day of 2016, affiants exhibiting to me their respective government issued ID as follows:

NAME	GOVERNMENT ISSUED ID AND NUMBER	EXPIRATION DATE AND/OR PLACE OF ISSUE
MARTIN IGNACIO P. LORENZO	PASSPORT No. EC 60 23 262	12/2/2015
FERNANDO IGNACIO C. COJUANGCO	PASSPORT No. EB 58 20 479	7/03/2012
RENATO B. PADILLA	PASSPORT No. OE 00 30 644	6/10/2016
BENJAMIN I. ESPIRITU	PASSPORT No. EB 97 19 149	12/02/2013
ADDISON B. CASTRO	PASSPORT No. EC 36 30 424	3/10/2015

KARA MAE AURORA R. CHUA
 NOTARY PUBLIC

Appointment No. M-518/ Until Dec. 31, 2017

4th Floor Jose Cojuangco & Sons Bldg.,
 119 Dela Rosa corner Palanca Sts., Legaspi Village, Makati City

PTR NO. 5473515/8.04.16/Makati City

IBP Lifetime No. 014843/5.17.16/Ilocos Norte
 Roll No. 65559

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