



**SEC FORM – I-ACGR  
INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT  
GENERAL INSTRUCTIONS**

**A. Use of Form I-ACGR**

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies’ compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

**B. Preparation of Report**

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

<b>RECOMMENDED CG PRACTICE/POLICY</b>	<b>COMPLIANT/ NON-COMPLIANT</b>	<b>ADDITIONAL INFORMATION</b>	<b>EXPLANATION</b>
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) <b>“Recommendations”</b> – derived from the CG Code for PLCs;</p> <p>(2) <b>“Supplement to Recommendation”</b> – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) <b>“Additional Recommendations”</b> – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) <b>“Optional Recommendation”</b> – practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*Items under (1) – (3) must be answered/disclosed by the PLCs following the</b></p>	<p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p>	<p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p>	<p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>*“Not Applicable” or “None” shall not be considered as sufficient explanation</b></p>

<p><b>"comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</b></p>			
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**C. Signature and Filing of the Report**

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the calendar<sup>1</sup> year ended **2019**
2. SEC Identification Number **727**
3. BIR Tax Identification No. **000-229-931**
4. **CENTRAL AZUCARERA DE TARLAC**  
Exact name of issuer as specified in its charter
5. **Manila, Philippines**  
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)   
Industry Classification Code
7. **San Miguel, Tarlac City**  
Address of principal office
8. **2301**  
Postal Code
8. **(632) 88186270**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report

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<sup>1</sup> In accordance with SEC Memorandum Circular No. 17, Series of 2017, the I-ACGR shall cover relevant information from January to December of the given year.

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> The company should be headed by a competent, working board 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 long- term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The information on each of the members of the Company's Board of Directors, such as their respective academic qualifications, industry knowledge and relevant professional experience and expertise are reflected in their respective profiles in the Company website. The profiles of the members of the board of directors may be accessed through the following link:  <a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a>  The above information are also provided in the Company's Information Statement distributed to the stockholders as a required report for the Annual Stockholders' Meeting.  The Company's Information Statement may be accessed through the following link:	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

		<a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>The Company has seven (7) elected directors, majority of whom are non-executive directors</p> <p>The profiles of members of the board of directors may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a></p>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The Company is guided by its Manual on Corporate Governance and Board Charter on policies relative to the continuing education and/or training of its Board.</p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p>	

		<a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
2. Company has an orientation program for first time directors.	Compliant	The orientation program for first time directors is provided in the Company's Manual on Corporate Governance and the Board. However, there is no first-time director for period covered by this report.	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The attendance of the board in relevant trainings for corporate governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a></p>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	The Company's policy on board diversity is included in the Company's Board Charter, which may be accessed using the following link:	

		<a href="http://luisitasugar.com/corporate-governance/board-committees/board-charter/">http://luisitasugar.com/corporate-governance/board-committees/board-charter/</a>  At present, the Board is composed of all male directors.	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	Information on the Company's Corporate Secretary may be accessed in the Company's website through the following link:	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a>  The duties and functions of the Company's Corporate Secretary are provided in the Company's Manual on Corporate Governance and may be accessed in the Company's website through the following link  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	The Corporate Secretary distributes through email the materials for board meetings at least 5 days before the scheduled meeting.	

<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	Information on the Company's Compliance Officer may be accessed in the Company's website through the following link:  <a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a>  The duties and functions of the Company's Compliance Officer are provided in the Company's Manual on Corporate Governance and may be accessed in the Company's website through the following link  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Company's Compliance Officer, Atty. Addison B. Castro, attended the Corporate Governance Seminar conducted by Risk Opportunities Assessment and Management, (ROAM) INC. on December 12, 2019.	
<b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	The Company's board of directors have faithfully and diligently performed their	



		<p>respective duties and responsibilities as shown in their attendance to the meetings of the board.</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	The Company's Manual on Corporate Governance and the Board Charter provides for the duties and responsibilities of the Board, which includes the following:	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p><i>"The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p>	

		<p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>The Board regularly holds its meeting to be able to make sound business judgment on variety of corporate matters, including review of business objectives and strategy.</p> <p>Attendance of the Board may be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<b>Supplement to Recommendation 2.2</b>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>The Company's vision, mission and core values are found in the Company's website and may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/about-us/our-company/our-mission/">http://luisitasugar.com/about-us/our-company/our-mission/</a></p> <p>The Board reviews the vision, mission and core values annually.</p>	

<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures. (Section 2.1.2 of the Manual on Corporate Governance; Section 6.1.b, Board Charter)</p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
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**Recommendation 2.3**

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Information on the Company's Chairperson, Mr. Martin P. Lorenzo, may be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a></p> <p>The duties and functions of the Company's Chairperson are provided in the Company's Manual on Corporate Governance and Board Charter. These may be accessed in the Company's website through the following links:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Recommendation 2.4</b>			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>The Manual on Corporate Governance and the Board Charter provides for the duties and responsibilities of the Board, which includes the following:</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Compliant</p>	<p><i>"The Board shall adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued</i></p>	

		<p><i>increase in the shareholders' value. This shall include a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>Further, the Corporate Governance Committee has undertaken the role and responsibility of the Nomination and Remuneration Committee. The Charter of the Corporate Governance Committee provides that one of its functions is to <i>"recommend succession plan for the board members and senior officers."</i></p> <p>The Company's Corporate Governance Committee Charter may be accessed through the following link:</p>	
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		<a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>The Manual on Corporate Governance and the Board Charter provides for the duties and responsibilities of the Board, which includes the following:</p> <p><i>"The Board shall align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		

		<p>Further, the Corporate Governance Committee has undertaken the role and responsibility of the Nomination and Remuneration Committee. The Charter of the Corporate Governance Committee provides that one of its functions is to <i>“recommend remuneration packages for corporate and individual performance”</i> and to <i>“establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation’s culture and strategy as well as the business environment in which it operates”</i></p> <p>The Company’s Corporate Governance Committee Charter may be accessed through the following link</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>The Company’s Amended By-laws provides that “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.”</p>	
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		The Company's Amended By-Laws may be accessed through the following link:  <a href="http://luisitasugar.com/about-us/our-company/">http://luisitasugar.com/about-us/our-company/</a>	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>The Manual on Corporate Governance provides for the nomination and election policy in consonance with the Company's Amended By-Laws. Further, the qualification and disqualifications are also indicated therein, to wit:</p> <p><i>"All nominations for the election of Directors by the stockholders shall be submitted in writing to the Corporate Governance Committee at least thirty (30) business days before the scheduled date of the Annual Stockholders' Meeting. The stockholders who are entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, multiplied by the number of shares, or under the same principle the stockholder may distribute his votes among as many candidates as he believes convenient so long as the number of votes cast by him shall not be more than the number of</i></p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		



	<p><i>shares owned by him multiplied by the number of Directors to be elected. The Corporate Governance Committee shall ensure that the nominees possess the necessary qualifications and none of the disqualifications provided for by existing laws, rules &amp; regulations, Company's By-Laws and this Manual. The qualifications and disqualifications shall be continuously monitored. The election of the Directors shall be done by ballots, or by viva voce, if requested by a stockholder. The Company may engage the services of professional search firms or external sources when searching for candidates to the Board."</i></p> <p>The above provisions are also echoed in the Company's Board Charter, which provides that:</p> <p><i>"All nominations for the election of Directors by the stockholders shall be submitted in writing to the Corporate Governance Committee at least thirty (30) business days before the scheduled date of the Annual Stockholders' Meeting. The Corporate Governance Committee shall ensure that the nominees possess the necessary qualifications and none of the disqualifications provided for by existing laws, rules &amp; regulations, Company's By-Laws and the Manual on</i></p>	
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	<p><i>Corporate Governance. The qualifications and disqualifications shall be continuously monitored by the Corporate Governance Committee. The Corporate Governance Committee shall ensure that the nominees possess the necessary qualifications and none of the disqualifications provided for by existing laws, rules &amp; regulations, Company's By-Laws and the Manual on Corporate Governance. The qualifications and disqualifications shall be continuously monitored."</i></p> <p>Likewise, the Company's Corporate Governance Committee Charter provides that <i>"the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board."</i></p> <p>The Company's Amended By-Laws may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/about-us/our-company/">http://luisitasugar.com/about-us/our-company/</a></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p>	
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		<p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>The Company's Corporate Governance Committee Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
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**Optional: Recommendation to 2.6**

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
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**Recommendation 2.7**

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<p>The Company's Manual on Corporate Governance and Board Charter provides that</p> <p><i>"The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate</i></p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

		<p><i>review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.”</i></p> <p>The Company’s Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company’s Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>The Company has adopted a Policy on Material Related Party Transactions to ensure that every material related party transaction is at arm’s length and conducted in a manner that will protect the Company from conflicts of interest . The Audit Committee is tasked to perform the functions of Related Party Transactions Committee as mandated by the Company’s Manual on Corporate Governance.</p>	
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		<p>The Company's Material Related Party Transactions Policy may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<b>Supplement to Recommendations 2.7</b>			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	Compliant	<p>The Company has adopted a Policy on Material Related Party Transactions which defined the threshold for disclosure and approval of related party transaction. The Company's Material Related Party Transactions Policy may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	Compliant	<p>The Company, in its Information Statement included its Annual Report and the Audited Financial Statements for the Fiscal Year ending June 30, 2019 as one of the reports submitted for the approval of the Stockholders.</p> <p>The Company's Information Statement (SEC Form No. 20-IS) may be accessed through the following link:</p>	

		<a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The Company's Manual on Corporate Governance and Board Charter provides that:  <i>"The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive)."</i>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The Company's Manual on Corporate Governance may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>  The Company's Board Charter may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the	Compliant	The Company's Manual on Corporate	

standards set by the Board and Senior Management.		Governance and Board Charter provides that:	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p><i>"The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>The Company sets Key Performance Indicators (KPI) to ensure that Management's performance is at par with the standards set by the Board and Senior Management.</p>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Company's Manual on Corporate	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Governance and Board Charter provides that:  <i>"The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter."</i>	
3. Board approves the Internal Audit Charter.	Compliant	<p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The Company's Manual on Corporate Governance and Board Charter provides that:	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<i>"The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively</i>	



		<p><i>identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<p>The Company's Board Charter clearly provides the roles, responsibilities and accountabilities of the board in carrying out its fiduciary role, to wit:</p> <p><i>"Section 6. RESPONSIBILITIES OF THE BOARD</i></p> <p><i>1. Duties, Powers and Attributes of the Board</i></p> <p><i>a. The Board members shall act on a fully informed basis, in good faith, with</i></p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		

		<p><i>due diligence and care, and in the best interest of the company and all shareholders. There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member shall act in the interest of the company and all its shareholders, and not those of the controlling company of the group or any other stakeholder.</i></p> <p><i>b. The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.</i></p> <p><i>c. The Board shall adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders'</i></p>	
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		<p><i>value. This shall include a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.</i></p> <p><i>d. The Board shall align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.</i></p> <p><i>e. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</i></p> <p><i>f. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive</i></p>	
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		<p><i>Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</i></p> <p><i>g. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.</i></p> <p><i>h. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.</i></p> <p><i>i. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</i></p> <p><i>2. Adherence to the Code of Conduct and Ethics</i></p>	
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	<p><i>The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the company website.</i></p> <p><i>The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</i></p> <p><i>3. Approval of the Financial Statements</i></p> <p><i>The Board approves the Interim and Annual Financial Statements reviewed by the Audit Committee.</i></p> <p><i>4. Approval of Annual Plans and Budget</i></p> <p><i>The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.”</i></p>	
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		<p>The above provision outlining the roles, responsibilities and accountabilities of the board serves as their guide in the performance of their functions. The Company's Board Charter is available to the public and may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	<p>The Company's Insider Policy may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/company-policies/">http://luisitasugar.com/corporate-governance/company-policies/</a></p>	
<b>Optional: Principle 2</b>			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			
<p><b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>The Company's Manual on Corporate Governance provides that:</p> <p><i>"Board committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk</i></p>	

	<p><i>management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established shall take into consideration the Company's size, risk profile, complexity of operations, among others. The respective charter of the committees shall be made publicly available.</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter provides that:</p> <p><i>The Board of Directors shall have the power, among other things, to create Committees as may be necessary or beneficial in the operation and internal regulation of the Corporation and in compliance with the principles of good corporate governance. Such Committees shall have such powers and functions as may be delegated to them by the Board or as defined in the Securities Regulation Code, Revised Code of Corporate</i></p>	
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		<p><i>Governance and the Manual of Corporate Governance, except those that may not be delegated under the Corporation Code. The Board shall have the power to appoint and remove the members of such Committees and may at any time, with or without cause, dissolve any of such Committees."</i></p> <p>The Company's Board Charter may be accessed through the following link</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Recommendation 3.2</b>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance and Audit Committee Charter provides that:</p> <p><i>"The Board shall establish an Audit Committee to enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Audit Committee shall be primarily responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee shall ensure that systems and processes are designed to</i></p>	



	<p><i>provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It has the following duties and responsibilities, among others:</i></p> <ul style="list-style-type: none"> <li><i>-Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</i></li> <li><i>-Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</i></li> <li><i>-Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or</i></li> </ul>	
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		<p><i>Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;</i></p> <p><i>-Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;</i></p> <p><i>-Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</i></p> <p><i>-Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</i></p> <p><i>-Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company'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[7]. The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;</i></p>
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	<p><i>-Reviews and approves the Interim 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, Areas where a significant amount of judgment has been exercised, Significant adjustments resulting from the audit, Going concern assumptions, Compliance with accounting standards, Compliance with tax, legal and regulatory requirements</i></p> <p><i>-Reviews the disposition of the recommendations in the External Auditor's management letter;</i></p> <p><i>-Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</i></p> <p><i>-Coordinates, monitors and facilitates compliance with laws, rules and regulations;</i></p> <p><i>-Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the</i></p>	
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		<p><i>financial statements shall be prepared and presented to the stockholders;</i>  <i>-Performs the functions of Board Risk Oversight Committee and/or Related Party Transactions Committee;</i>  <i>-Meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit; and</i>  <i>-Such other duties and responsibilities assigned to the committee by the Board."</i></p> <p>The Company's Audit Committee membership and its charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>All the members of the Audit Committee, namely: Mr. Benjamin I. Espiritu, Mr. Vigor D. Mendoza and Mr. Fernan V. Lukban, are qualified non-executive directors. The Chairman, Mr. Espiritu is an independent director.</p> <p>The information on the members, including the Chairman, of the Audit Committee and their qualifications maybe accessed in the Company's website through the following link:</p>	

		<a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	The qualifications of each member of the Audit Committee may be viewed in the Company's website through the following link:  <a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the Audit Committee, Mr. Espiritu, is not the Chairman of the Board or any other committee.	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	The external auditor has not rendered non-audit service for the period covered by this report.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	The Audit Committee met with the Company's External Auditor prior to the Board's approval of the Company's Audited Financial Statement.	
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.			
2. Audit Committee approves the appointment and removal of the internal auditor.			
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	The Company's Manual on Corporate Governance and Corporate Governance provides that:  <i>"The Board shall establish a Corporate Governance Committee that shall assist the Board in the performance of its corporate governance responsibilities, including the functions that were</i>	

		<p><i>formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom shall be independent directors, including the Chairman.</i></p> <p><i>The Corporate Governance Committee shall be responsible in ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:</i></p> <ul style="list-style-type: none"> <li><i>-Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;</i></li> <li><i>-Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;</i></li> <li><i>-Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;</i></li> <li><i>-Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers,</i></li> </ul>	
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		<p><i>and remuneration packages for corporate and individual performance;</i></p> <ul style="list-style-type: none"> <li><i>-Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;</i></li> <li><i>-Proposes and plans relevant trainings for the members of the Board;</i></li> <li><i>-Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and</i></li> <li><i>-Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates."</i></li> </ul> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
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		The Company's Corporate Governance Committee Charter may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-compliant		The Corporate Governance Committee is composed of three members, two of which are independent directors. The composition of the Corporate Governance Committee, with majority being independent directors, will ensure their independence in the performance of its function. The information on the members, including the Chairman of the Corporate Governance Committee and their qualifications maybe accessed in the Company's website through the following link:  <a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Majority of the members, including the Chairman of the Corporate Governance Committee, are independent directors.	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.			
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	The functions of a Board Risk and Oversight Committee is undertaken by the Company's Audit Committee. The Audit Committee Charter provides that:	



2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p><i>"The Audit Committee may perform the functions of Risk Oversight Committee which oversees the Company's Enterprise Management System to ensure its functionality and effectiveness, as well as the functions of Related Party Transactions Committee which reviews all material related party transactions of the Company."</i></p> <p>The Company's Audit Committee Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>In accordance with the SEC Memorandum Circular No. 19, Series of 2016, Corporate Governance Code for Publicly Listed Corporations, the establishment of a Board Risk Oversight Committee depends on size, risk profile and complexity of operations and is generally applicable to conglomerates and companies with high risk profile.</p> <p>The Company deems that its size, risk profile and complexity of operations does not require the establishment of a BROC.</p>	

**Recommendation 3.5**

<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>The functions of a Related Party Transactions Committee is undertaken by the Company's Audit Committee. The Audit Committee Charter provides that:</p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p><i>"The Audit Committee may perform the functions of Risk Oversight Committee which oversees the Company's Enterprise Management System to ensure its functionality and effectiveness, as well as the functions of Related Party Transactions Committee which reviews all material related party transactions of the Company."</i></p> <p>The Company's Audit Committee Charter may be accessed through the following link</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>In accordance with the SEC Memorandum Circular No. 19, Series of 2016, Corporate Governance Code for Publicly Listed Corporations, the establishment of a Related Party Transactions Committee depends on size, risk profile and complexity of operations and is generally applicable to conglomerates and companies with high risk profile.</p> <p>The Company deems that its size, risk profile and complexity of operations</p>	

		does not require the establishment of a RPT Committee.	
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	The Company's Manual on Corporate Governance may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	The Company's Charters of the Corporate Governance Committee and Audit Committee may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
<b>Recommendation 4.1</b>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The Company's Manual on Corporate Governance and Board Charter provides that:  <i>"The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as,</i>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant		

		<p><i>illness, death in the immediate family and serious accidents, prevent them from doing so."</i></p> <p>The Board complies with the SEC MC. No. 15, Series of 2001 on board meetings through teleconferencing or videoconferencing.</p> <p>Materials for the meeting were given to the Directors a few days before the scheduled meeting.</p>	
<b>Recommendation 4.2</b>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p> <p><i>"The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	

		<p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>The respective profiles of the Company's directors containing their directorships in both listed and non-listed companies may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a></p>	
<b>Recommendation 4.3</b>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p> <p><i>"A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p>	

		<a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>  The Company's Board Charter may be accessed through the following link  <a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
<b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</b>			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-compliant		While the Company has only two (2) independent directors, they constitute one third (1/3) of the seven (7) elected directors. The Company also considers adequate for the board to exercise an objective and independent judgment on all corporate affairs with two independent directors, given the company's size, structure, risk profile and complexity of operations.  The respective profiles of the Company's independent directors may be accessed through the following link:

			<a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a>
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	The respective profiles of the Company's independent directors may be accessed through the following link:  <a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a>	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	There are no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	The years of service as an independent director is disclosed in the Company's Information Statement (SEC Form 20-IS), which may be accessed through the following link:  <a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	The Company's Manual on Corporate Governance and Board Charter provides that:	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks	Compliant	"The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the	

<p>shareholders' approval during the annual shareholders' meeting.</p>		<p>independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."</p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>All the independent directors are still within the allowable term limit.</p>	
<b>Recommendation 5.4</b>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Non-compliant</p>		<p>While the Chairman and Chief Executive Officer positions are being held by one and</p>



2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Non-compliant		the same individual, the President and Chief Operating Officer whose function includes overseeing the operations of the Company are held by another individual and they are not related to each other.
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Non-compliant		<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p> <p><i>"The Board may, whenever practicable, designate a lead director among the independent directors if the Chairman of the Board is not independent, including a situation where the positions of the Chairman of the Board and Chief Executive Officer are held by one person. The functions of the lead director include, among others, the following:</i></p> <ul style="list-style-type: none"> <li><i>-Serves as an intermediary between the Chairman and the other directors when necessary;</i></li> <li><i>-Convenes and chairs meetings of the non-executive directors; and</i></li> <li><i>-Contributes to the performance evaluation of the Chairman, as required."</i></li> </ul> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>

			<p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>While there is no designated lead director, the Board ensures that it is functioning in accordance with the best practices on corporate governance and that the independent judgment of the independent directors is maintained throughout their term.</p>
<b>Recommendation 5.6</b>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p> <p><i>"The board shall endeavor to exercise an objective and independent judgment on all corporate affairs. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	

		<p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>There had been no instance where a director had material interest in a transaction affecting the corporation that would require him to abstain from taking part in the deliberations on the transaction</p>	
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	<p>The Audit Committee (whose members are all non-executive directors) meeting, with the external auditor and heads of the internal audit, for the purpose of recommending the approval of the audited financial statements of the Company was held without any executive present. The Audit Committee is headed by an independent director, Mr. Benjamin Espiritu who chaired the meeting.</p>	
2. The meetings are chaired by the lead independent director.	Compliant		
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.			
<b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-compliant		Given the number of directors of the Company

2. The Chairman conducts a self-assessment of his performance.	Non-compliant		and its size, structure, risks profile and complexity of operations, the performance of the Board, individual directors and committees may adequately be discerned during their attendance and participation in board meetings. Nonetheless, the Board aims to come up with a self-assessment survey to evaluate the performance of the Board, the Committees and its individual members on an annual basis, and will be supported by an external facilitator every three (3) years.
3. The individual members conduct a self-assessment of their performance.	Non-compliant		
4. Each committee conducts a self-assessment of its performance.	Non-compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant		
<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-compliant		Given the number of directors of the Company and its size, structure, risk profile and complexity of operations, the performance of the Board, individual directors and committees may adequately be discerned during their attendance and participation in board meetings. Nonetheless, the Board aims to come up with a self-assessment survey to evaluate the performance of the Board, the Committees and its individual members.
2. The system allows for a feedback mechanism from the shareholders.	Compliant	The shareholders may submit their feedback by communicating with the Investor Relations Officer. The contact information is found in the following page of the Company's website:  <a href="http://luisitasugar.com/investor-relations/">http://luisitasugar.com/investor-relations/</a>	
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Board has adopted a Code of Business Conduct and Ethics, which was properly disseminated to the Board, senior management and employees. The same is publicly available and may be accessed through the following link:	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant	<a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<p>The Code of Conduct and Ethics provides that:</p> <p><i>"CAT does not tolerate any act of corruption or bribery Bribery or Corruption, for purposes of this Policy, shall be defined as making any offer, promise, or giving of gift, either personally or through the mediation of another, to a government official, in exchange for the performance or non-performance of his/her official duties. Violation of this provision would be subject to disciplinary measures, which may include dismissal, without prejudice from the Corporation's right to initiate a criminal or civil action. The Corporation does not tolerate corrupt practices and considers the following conduct, contrary to its Policy and rules and regulations: (1) giving or</i></p>	

		<p><i>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."</i></p> <p>The Company's Code of Conduct and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Code of Conduct and Ethics provides that:	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<i>"The administration and the implementation of this Code shall be the primary responsibility of the Unit Head who may, for this purpose, issue such</i>	

	<p><i>implementing rules and regulations within their respective units that are consistent with this Code.</i></p> <p><i>Report of violations</i>  <i>Directors, Officers and Employees are expected to strictly comply with this Code and to report to the non-compliance or violation thereof.</i></p> <p><i>Investigation</i>  <i>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.</i></p> <p><i>Offenses involving employees belonging to two or more Units shall be jointly investigated and decided by the Unit Heads concerned.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>Evaluation of Cases</i>  <i>The objectives sought to be attained by this Code shall be the guiding principles in evaluating all disciplinary cases. Unit</i></p>	
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		<p><i>Heads shall, in the discharge of their responsibilities under this Policy, see to it that the interests of the company are protected.</i></p> <p><i>Discipline</i>  <i>Any employee who commits any of the offenses in the Company Policies and Rules and Regulations may be disciplined in accordance with the following Penalties:</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>Dismissal – this is termination of An employee for commission of an extremely serious violation or any repeated offenses.</i></p> <p><i>Conflict Resolution</i>  <i>In resolving conflicts, certain mechanisms are adapted such as the Grievance procedure, mediation and conciliation, arbitration and administrative investigation, as the case may be.</i></p>	
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		<p>The Company's Code of Conduct and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
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**Disclosure and Transparency**

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

**Recommendation 8.1**

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance provides that:</p> <p><i>"The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. All directors and officers shall disclose/report to the Company any dealings in the Company's shares within three (3) business days. The Board shall fully disclose all relevant and material information on individual board members and key</i></p>	
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	<p><i>executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</i></p> <p><i>The company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The Company shall also disclose the remuneration on an individual basis, including termination and retirement provisions</i></p> <p><i>The Company shall comply with the prescribed laws, rules and regulations relative to transactions involving related parties. The material or significant RPTs reviewed and approved during the year shall be disclosed in the Annual Corporate Governance Report.</i></p> <p><i>The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</i></p>	
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		<p><i>The Company's corporate governance policies, programs and procedures shall be appended to this Manual on Corporate Governance, which shall be submitted to the regulators and posted on the company's website."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
<b>Supplement to Recommendations 8.1</b>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	Compliant	<p>The Company makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period through a timely disclosure to the Philippine Stock Exchange through the following link:</p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p> <p>The same reports are also uploaded in the Company's website through the following link:</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	Compliant		

		<a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
<b>Recommendation 8.2</b>			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The Company's Manual on Corporate Governance provides that:	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p><i>"All directors and officers shall disclose/report to the Company any dealings in the Company's shares within three (3) business days.</i></p> <p><i>The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</i></p> <p><i>The company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The Company shall also disclose the remuneration on an individual basis, including termination and retirement provisions</i></p> <p><i>The Company shall comply with the prescribed laws, rules and regulations relative to transactions involving related parties. The material or significant RPTs reviewed and approved during the year</i></p>	

		<p><i>shall be disclosed in the Annual Corporate Governance Report.</i></p> <p><i>The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</i></p> <p><i>The Company's corporate governance policies, programs and procedures shall be appended to this Manual on Corporate Governance, which shall be submitted to the regulators and posted on the company's website."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
<b>Supplement to Recommendation 8.2</b>			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the</p>	<p>Compliant</p>	<p>The Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar</p>	

<p>disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>		<p>functions) and controlling shareholders by filing SEC Form No. 23-A or SEC Form No. 23-B to the SEC and by timely disclosing the same to the Philippine Stock Exchange. This includes the disclosure of the company's purchase of its shares from the market. The said reports may be accessed through the PSE portal through the following link:</p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p> <p>The same reports are also uploaded in the Company's website and may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<b>Recommendation 8.3</b>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>The directors' and key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in the Company's website through the following link:</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p><a href="http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/">http://luisitasugar.com/about-us/our-company/board-of-directors-management-team-and-executive-directors/</a></p>	

**Recommendation 8.4**

<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Director's compensation is provided in Section 5, Article III of the Amended By-Laws which states - "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. xxx"</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>It is also provided in Section 9, Article III of the Amended By-Laws that "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 as well as the Manager of the Central and personnel under the latter."</p> <p>The Company's Amended By-Laws may be accessed through the following link:  <a href="http://luisitasugar.com/about-us/our-company/">http://luisitasugar.com/about-us/our-company/</a></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-compliant</p>		<p>The remuneration and/or compensation received by the directors is disclosed as a group in the Company's Annual Report.</p>

			<p>The Annual Report is timely disclosed to the PSE and may be accessed using the following link:</p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p> <p>The Annual Report may also be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>
<b>Recommendation 8.5</b>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>The Company has adopted a Policy on Material Related Party Transactions to ensure that every material related party transaction is at arm's length and conducted in a manner that will protect the Company from conflicts of interest. The Audit Committee is tasked to perform the functions of Related Party Transactions Committee as mandated by the Company's Manual on Corporate Governance</p> <p>The Company's Material Related Party Transactions Policy may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	



<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>In the normal course of its business, the Company had transactions with related parties. Please see Note 26 (Related Party Transactions) of the Notes to Financial Statements as of June 30, 2019.</p> <p>The Annual Report is timely disclosed to the PSE and may be accessed using the following link:</p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p> <p>The Annual Report may also be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<b>Supplement to Recommendation 8.5</b>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p> <p><i>"The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall fully disclose all relevant and material information on individual</i></p>	

		<p><i>board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's Board Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p> <p>There are no instances in the period covering this report that the directors are required to disclose their interests in transactions or any other conflict of interests.</p>	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the	Compliant	<p>The Company's Manual on Corporate Governance provides that:</p> <p><i>"The Company shall make a full, fair, accurate and timely disclosure to the</i></p>	

<p>viability or the interest of its shareholders and other stakeholders.</p>		<p><i>public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>There is no transaction in the period covered by this report requiring such disclosure.</p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance provides that:</p> <p><i>"the Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	

		There is no transaction in the period covered by this report requiring the appointment of an independent party to evaluate the fairness of a transaction.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	There are no existing shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. Hence, no disclosure of such nature.	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's Manual on Corporate Governance was timely submitted to the SEC and disclosed to the PSE. The Manual may be accessed through the following links:  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The Company's Manual on Corporate Governance was timely submitted to the SEC and disclosed to the PSE. The Manual may be accessed through the following links:	

		<a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a>	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:		<p>The Annual Report is timely disclosed to the PSE and may be accessed using the following link:</p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p> <p>The Annual Report may also be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors' meetings held during the year	Non-compliant		The attendance of the directors are disclosed in a separate report to the SEC.
g. Total remuneration of each member of the board of directors	Non-compliant		The remuneration of the directors is presented as a group.
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>The Annual Report is timely disclosed to the PSE and may be accessed using the following link:</p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p>	

		<p>The Annual Report may also be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	Compliant	<p>The Audited Financial Statement, an integral part of the Annual Report, contains a Statement of Management's Responsibility signed by the Chairman &amp; CEO, the President &amp; COO and the CFO, which makes express reference to the Company's internal controls (Page 47 of the Company's Annual Report for fiscal year 2018-2019).</p> <p>The Company's Annual Report may also be accessed in the Company's website through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	Non-compliant		<p>While the statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems is not disclosed in the Annual Report, the board had actively addressed any and all issues relating to the same.</p>
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial,</p>	Compliant	<p>The Annual Report is timely disclosed to the PSE and may be accessed using the following link:</p>	

operational including IT, environmental, social, economic).		<a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a>  The Annual Report may also be accessed in the Company's website through the following link:  <a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
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**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

**Recommendation 9.1**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Audit Committee Charter provides that:	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	"Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Assess the integrity and independence of the corporation's External Auditor; reviews and monitors the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and	

		<p>regulatory requirements; and reviews and monitors the External Auditor's suitability and effectiveness on an annual basis."</p> <p>Stockholders representing a total of 87.81% of the Company's total outstanding capital ratified the re-appointment of the Company's External Auditor.</p> <p>The Company's Minutes of the Annual Meeting may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/minutes-of-all-general-or-special-stockholders-meetings/">http://luisitasugar.com/disclosures/minutes-of-all-general-or-special-stockholders-meetings/</a></p>	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>The Company disclosed the name of the lead auditor in its Annual Report and Annual Corporate Governance Report, which may be viewed at:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> </ul>	Compliant	<p>The Audit Committee Charter provides that:</p> <p><i>"In the exercise of its oversight functions, the Audit Committee has the following duties and responsibilities:</i></p>	



<p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p><i>Xxx</i></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p><i>m. Assess the integrity and independence of the corporation's External Auditor; reviews and monitors the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements; and reviews and monitors the External Auditor's suitability and effectiveness on an annual basis."</i></p> <p>The Company's Audit Committee Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Supplement to Recommendations 9.2</b>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>The Company's Audit Committee Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>The Company's Audit Committee Charter may be accessed through the following link:</p>	

		<a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a>	
<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	The external auditor has not rendered non-audit services.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<p>The Audit Committee Charter provides that:</p> <p><i>"Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him 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, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report."</i></p> <p>The Company's Audit Committee Charter may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/board-committees/">http://luisitasugar.com/corporate-governance/board-committees/</a></p>	
<b>Supplement to Recommendation 9.3</b>			

1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	There are no non-audit services rendered by the external auditor.	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The information of the Company's external auditor are as follows: <ul style="list-style-type: none"> <li>1. Name of the audit engagement partner - Maria Veronica Andresa R. Pore</li> <li>2. Accreditation number - SEC Accreditation No. 0662-AR-3 (Group A)</li> <li>3. Date Accredited - November 1, 2019</li> <li>4. Expiry date of accreditation - November 20, 2022</li> <li>5. Name, address, contact number of the audit firm - SyCip Gorres Velayo &amp; Company, 6760 Ayala Avenue, Makati City, 1226 Metro Manila, Philippines, Tel: (632) 8891-0307</li> </ul>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	The Company's external auditor has not been selected by the SEC's General Accountant to be inspected following the rules in SEC MC No. 9, 2017.	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with	Compliant	The Company's Manual on Corporate Governance provides that:	

<p>emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>		<p><i>"The company shall ensure that the material and reportable non-financial and sustainability issues are disclosed. The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. The Company shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
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<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Non-compliant</p>		<p>The Board continuously reviews company-wide practices in reporting sustainability and non-financial issues.</p>
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**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public,</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p>	
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<p>material and relevant information to its shareholders and other investors.</p>		<p><i>"The company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. The company shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company timely disclosed structured and unstructured reports to the PSE online portal and regularly maintains a website. These platforms serve as effective channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	
<b>Supplemental to Principle 11</b>			
<p>1. Company has a website disclosing up-to-date information on the following:</p>	<p>Compliant</p>	<p>The Company maintains its own website and may be accessed through the following link:</p>	

		<a href="http://luisitasugar.com">http://luisitasugar.com</a>	
a. Financial statements/reports (latest quarterly)	Compliant	<a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
b. Materials provided in briefings to analysts and media	Compliant	The Company did not hold any briefings to analysts and media during the period covered by this report.	
c. Downloadable annual report	Compliant	<a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
d. Notice of ASM and/or SSM	Compliant	<a href="http://luisitasugar.com/disclosures/notice-of-annual-or-special-stockholders-meetings/">http://luisitasugar.com/disclosures/notice-of-annual-or-special-stockholders-meetings/</a>	
e. Minutes of ASM and/or SSM	Compliant	<a href="http://luisitasugar.com/disclosures/minutes-of-all-general-or-special-stockholders-meetings/">http://luisitasugar.com/disclosures/minutes-of-all-general-or-special-stockholders-meetings/</a>	
f. Company's Articles of Incorporation and By-Laws	Compliant	<a href="http://luisitasugar.com/about-us/our-company/">http://luisitasugar.com/about-us/our-company/</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	The Company's website is maintained in accordance with SEC MC No. 11, Series of 2014.  <a href="http://luisitasugar.com">http://luisitasugar.com</a>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The Company's Audit Committee continuously evaluates internal control system in the conduct of its business.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	The Company has effectively addressed its risk management issues by identifying key risks and the procedure of managing	

		<p>the same as indicated in the Company's Annual Report.</p> <p>The Company's Annual Report may be accessed through the following links:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p> <p><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=183</a></p>	
<b>Supplement to Recommendations 12.1</b>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>The Company's Code of Conduct and Ethics provides that:</p> <p><i>"The Company is bound by laws of the country, as well as the rules and regulations of regulatory agencies. Its directors, officers and employees are also expected to comply with prevailing laws, rules and regulations at all times. In addition thereto, adherence to internal rules shall be strictly observed, which may prescribe more stringent rules of conduct than the prevailing laws."</i></p> <p>The Company's Code of Conduct and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	

Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The internal audit function of the Company is in-house and functionally reports to the Board through the Audit Committee	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-compliant		The Company's Manual on Corporate Governance provides that:
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-compliant		<p><i>"The Board <b>may</b> appoint a qualified Chief Audit Executive (CAE) <b>subject to the company's size, risk profile and complexity of operations.</b> The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity. The following are the responsibilities of the CAE, among others:</i></p> <p><i>Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;</i></p> <p><i>Establishes a risk-based internal audit plan, including policies and procedures, to</i></p>



			<p><i>determine the priorities of the internal audit activity, consistent with the organization's goals;</i></p> <p><i>Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;</i></p> <p><i>Spearheads the performance of the internal audit activity to ensure it adds value to the organization;</i></p> <p><i>Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan"</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Company's size, risk profile and complexity of operations does not require the appointment of a Chief Audit Executive. The Company has an existing internal audit mechanism.</p>
<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p>	<p>Compliant</p>	<p>The Company's internal audit functions has not been outsourced. If the Company outsources its internal audit activity, then it will be managed by a qualified independent executive or a senior management personnel.</p>	

**Recommendation 12.4**

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.

Compliant

The Company's Manual on Corporate Governance and Board Charter provides that:

*"The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.*

xxx

*The Company shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations."*

The Company's Manual on Corporate Governance may be accessed through the following link:

<http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/>

The Audit Committee performs functions of the Risk Oversight Committee.

Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Company has competently and effectively addressed risk management issues through internal support.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-compliant		The Company has an existing internal risk management mechanism. The Company's size, risk profile and complexity of operations does not require the appointment of a Chief Risk Officer. Nonetheless, this will be kept under review and steps will be taken to determine the need to appoint a CRO.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-compliant		<p>Under the Company's Code of Corporate Governance, "the Board <b>may</b> appoint a qualified Chief Audit Executive (CAE) <b>subject to the company's size, risk profile and complexity of operations</b>. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. xxx" ( Section 12. 3 Manual on Corporate Governance).</p> <p>"The Audit Committee shall be primarily responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies,</p>

			<p>efficiency and effectiveness of operations, and safeguarding of assets. xxx (Section 3.1.2 Code of Corporate Governance.</p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>The Audit Committee has not recommended to the Board the need to appoint a Chief Audit Executive considering the company's size, risk profile and complexity of operations.</p>
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**Cultivating a Synergic Relationship with Shareholders**

**Principle 13:** The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

**Recommendation 13.1**

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>The Company's Manual on Corporate Governance and Board Charter provides that:</p> <p><i>"The company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</i></p> <p><i>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. Shareholders'</i></p>
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	

	<p><i>rights relate to the following, among others:</i></p> <p><i>Pre-emptive rights; Dividend policies; Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting; Right to nominate candidates to the Board of Directors; Nomination process; and Voting procedures that would govern the Annual and Special Shareholders' Meeting.</i></p> <p><i>The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</i></p> <p><i>The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five business days from the end of the meeting.</i></p> <p><i>The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</i></p>	
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		<p><i>The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	<p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p>	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>The Company's Manual on Corporate Governance may be accessed through the following link:</p>	

		<a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	The Company's Manual on Corporate Governance may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	No shareholder have exercised the right to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	The Company's Manual on Corporate Governance may be accessed through the following link:  <a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a>	
7. Company has a transparent and specific dividend policy.	Compliant	The Company's dividend policy is provided for by Article VII of the Amended By-Laws.  The Company's Amended By-Laws may be accessed through the following link:  <a href="http://luisitasugar.com/about-us/our-company/">http://luisitasugar.com/about-us/our-company/</a>	

**Optional: Recommendation 13.1**

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Non-compliant		<p>The Notice of Annual Stockholders' Meeting and the Information Statement was distributed to the stockholders at least 15 business days in accordance with the Securities Regulations Code. The Company will endeavor to distribute the Notice of Meeting and the Information Statement to the stockholders' at least 28 days before the meeting to further encourage their active participation.</p> <p>The Company's Information Statement (SEC Form No. 20-IS) may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a></p>
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	The Company's Notices of Annual or Special Stockholders' Meeting may be accessed through the following link:	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<a href="http://luisitasugar.com/disclosures/notice-of-annual-or-special-stockholders-meetings/">http://luisitasugar.com/disclosures/notice-of-annual-or-special-stockholders-meetings/</a>	
b. Auditors seeking appointment/re-appointment	Compliant	The Company's Information Statement includes such notice and contains the required reports to be submitted to the stockholders.	
c. Proxy documents	Compliant		



		The Company's Information Statement (SEC Form No. 20-IS) may be accessed through the following link:  <a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	The Company's Information Statement includes such notice and contains the required reports to be submitted to the stockholders.  The Company's Information Statement (SEC Form No. 20-IS) may be accessed through the following link:  <a href="http://luisitasugar.com/disclosures/sec-filings/">http://luisitasugar.com/disclosures/sec-filings/</a>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	The Minutes of the Annual and Special Shareholders' Meetings were available on the company website. All the relevant questions raised and answers, if any, are reflected therein.	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	The Minutes of the Annual and Special Shareholders' Meetings may be accessed through the following link:  <a href="http://luisitasugar.com/disclosures/minutes-of-all-general-or-special-stockholders-meetings/">http://luisitasugar.com/disclosures/minutes-of-all-general-or-special-stockholders-meetings/</a>	
<b>Supplement to Recommendation 13.3</b>			

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor and other relevant individuals were present during the Annual Stockholders' Meeting.	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	The Company's Manual on Corporate Governance and Board Charter provides that:	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p><i>"The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner."</i></p> <p>The Company's Manual on Corporate Governance may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/">http://luisitasugar.com/corporate-governance/manual-on-corporate-governance/</a></p> <p>There is no intra-corporate dispute during the period covered by this report.</p>	
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Company's Investor Relations Officer is Ms. Cecile D. Macaalay, who may be reached at (02)8818-6270.	
2. IRO is present at every shareholder's meeting.	Compliant	The Investor Relations Officer was present during the annual stockholders' meeting.	
<b>Supplemental Recommendations to Principle 13</b>			

1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There are no anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-compliant		The Company's public float is 12.16% as of December 31, 2019.

**Optional: Principle 13**

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			

**Duties to Stakeholders**

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

**Recommendation 14.1**

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Company's Code of Business Conduct and Ethics provides for policies which provide mechanisms for fair treatment and protection of stakeholders, such as Policy on the Conflict of Interest, Policy on Insider Trading, Policy on Related Party Transactions, Whistle Blowing Policy, Policy on Record Keeping, Reporting and Financial Integrity, Policy Against Acts of Corruption and Bribery, Policy on Health, Safety and Welfare of Employee, Environmental Management Policy, and Policy Against Discrimination and Harassment.	
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		<p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
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**Recommendation 14.2**

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>The Company's Code of Business Conduct and Ethics provides for policies which provide mechanisms for fair treatment and protection of stakeholders, such as Policy on the Conflict of Interest, Policy on Insider Trading, Policy on Related Party Transactions, Whistle Blowing Policy, Policy on Record Keeping, Reporting and Financial Integrity, Policy Against Acts of Corruption and Bribery, Policy on Health, Safety and Welfare of Employee, Environmental Management Policy, and Policy Against Discrimination and Harassment.</p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
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**Recommendation 14.3**

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>The stakeholders are welcomed to voice their concerns and/or complaints to the Company's Compliance Officer, Addison B. Castro. He may be reached at (02) 8892-0301 or at <a href="mailto:addison.castro@gatchaliancastro.com">addison.castro@gatchaliancastro.com</a></p> <p>The Company's Code of Business Conduct and Ethics provides that:</p> <p><i>"CAT is primarily dedicated in curtailing the illegal and unethical behavior within the Corporation. It is committed to upholding the core values of Integrity, Honesty, Ethics, and Trust to foster and encourage an environment which shall not tolerate any illegal or unethical behavior.</i></p> <p><i>This Policy provides a formal procedure for a whistle blower, who may be a director, officer, employee, or other third party, who may raise his/her concerns regarding an illicit or unethical event inside the Corporation. The whistle blower is assured that the safeguards are established for protection from reprisals, harassment, or disciplinary action as a result of raising the said concern.</i></p> <p><i>The term "whistleblowing" refers to a report of a suspected or actual illegal or unethical behavior inside the Corporation. Whistleblowing concerns include, but not limited to:</i></p>	
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		<p><i>Violation of Laws, whether civil or criminal;</i></p> <p><i>Violation of Rules and Regulations of Regulatory Agencies;</i></p> <p><i>Violation of Internal Rules, such as Code of Business Conduct and Ethics, Policies, Manual on Corporate Governance, Employees Manual on Company Rules and Regulation;</i></p> <p><i>Acts of Corruption and/or Bribery;</i></p> <p><i>Behavior that will negatively affect the Corporation's reputation</i></p> <p><i>Conduct prejudicial to the health and safety of the workplace</i></p> <p><i>Deliberate obstruction or concealment of any illegal or unethical behavior</i></p> <p><i>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. The corporation shall not be responsible in confidentiality issues when the whistle blower has communicated his report to a third party.</i></p> <p><i>Anonymous reports, though not prohibited, are highly discouraged as the veracity of the information may be put in issue.</i></p> <p><i>Intentionally submitting a false report/allegation or fabricating any</i></p>
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		<p><i>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."</i></p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<b>Supplement to Recommendation 14.3</b>			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	Compliant	<p>The Company's Code of Business Conduct and Ethics provides that:</p> <p><i>"In resolving conflicts, certain mechanisms are adapted such as the Grievance procedure, mediation and conciliation, arbitration and administrative investigation, as the case may be."</i></p>	
<b>Additional Recommendations to Principle 14</b>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	Compliant	<p>The Company firmly upholds that "it is bound by laws of the country, as well as the rules and regulations of regulatory agencies. Its directors, officers and employees are also expected to comply with prevailing laws, rules and regulations at all times. In addition thereto, adherence to internal rules shall</p>	

		<p>be strictly observed, which may prescribe more stringent rules of conduct than the prevailing laws.”</p> <p>The Company’s Code of Conduct and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p> <p>There are no requests for exemptions or reliefs.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>The Company firmly upholds that “it is bound by laws of the country, as well as the rules and regulations of regulatory agencies. Its directors, officers and employees are also expected to comply with prevailing laws, rules and regulations at all times. In addition thereto, adherence to internal rules shall be strictly observed, which may prescribe more stringent rules of conduct than the prevailing laws.”</p> <p>The Company’s Code of Conduct and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	



**Optional: Principle 14**

1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p>The Company's Code of Business Conduct and Ethics provides for policies and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance, such as Policy on the Conflict of Interest, Policy on Insider Trading, Policy on Related Party Transactions, Whistle Blowing Policy, Policy on Record Keeping, Reporting and Financial Integrity, Policy Against Acts of Corruption and Bribery, Policy on Health, Safety and Welfare of Employee, Environmental Management Policy, and Policy Against Discrimination and Harassment.</p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
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**Supplement to Recommendation 15.1**

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Non-compliant</p>		<p>The Company regularly reviews and updates its merit-based incentives to foster growth of performance and loyalty of the employees.</p>
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The Company's policy on health, safety and welfare of its employees is included in the Company's Code of Business Conduct and Ethics, which may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>The Policy on Training in the Company's Code of Business Conduct and Ethics provides that:</p> <p><i>"Welfare and Trainings of the Employees  CAT encourages employees from all levels to actively participate and support all programs of protection of human health, occupational safety, and protection of the environment that shall improve productivity and reduce incidence of work accidents. 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.  CAT shall provide the employees are with the required trainings and</i></p>	

*protective clothing and gears used in the handling of machineries inside the sugar mill. Further, they are educated to assess and be prepared for emergency situations within the workplace to minimize, if not to eliminate, disastrous accidents*

*Training and Development*

*CAT believes in the creation of learning opportunity to its employees to achieve their full potential and development. The Corporation views development as 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.*

*Training shall focus on the development of the alignment of purpose and performance across the company, with particular emphasis on individual employee; team; and the total organization.*

*Trainings are provided in order to develop and maintain a competitive workforce through formal training and/or informal training, which shall equally provide the trainee. Formal training events includes formal training courses (both in-house and external), on-the-job-training, study tour, temporary work assignments. Informal training events includes projects and task force*

	<p><i>assignments, readings, fora, seminars, video and audio presentations.</i></p> <p><i>Trainings are particularly provided for the following individuals:</i></p> <p><i>New hired employees</i></p> <p><i>Employees who assume new responsibilities or positions</i></p> <p><i>Employees who needs improvement in job performance and</i></p> <p><i>Employees who must acquire changes in technology, services, practices, procedures, and governmental requirements</i></p> <p><i>Scope of the Trainings shall focus on the following various contents:</i></p> <p><i>Managerial/Supervisory – related to leadership and management roles and functions</i></p> <p><i>Technical</i></p> <p><i>Functional – job related function</i></p> <p><i>Environmental, Health, and Safety – related to compliance with company policies, objectives, and procedures; and governmental laws.</i></p> <p><i>Computer – related to software applications</i></p> <p><i>The Organization Manpower and Resource Development Department (OMRDD) shall:</i></p> <p><i>Identify the training needs of the employees, including the general awareness for environmental aspects and impacts, and other specialized jobs.</i></p>	
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		<p><i>Prepare and submit to the Resident Manager for approval the training plan including budget, and other resources needed.</i></p> <p><i>Implement, conduct, or monitor the training, seminar, or workshop programs. Resource person/trainor must have the competency requirements based on education, training and/or experience as evidenced by his/her training certificates."</i></p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<b>Recommendation 15.2</b>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>The Policy Against Corruption and Bribery provides that:</p> <p><i>"CAT does not tolerate any act of corruption or bribery</i></p> <p><i>Bribery or Corruption, for purposes of this Policy, shall be defined as making any offer, promise, or giving of gift, either personally or through the mediation of another, to a government official, in exchange for the performance or non-performance of his/her official duties.</i></p>	

	<p><i>Violation of this provision would be subject to disciplinary measures, which may include dismissal, without prejudice from the Corporation's right to initiate a criminal or civil action.</i></p> <p><i>The Corporation 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."</i></p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
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2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The existing company policies are disseminated through relative training and / or seminar sessions.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>The Policy Against Corruption or Bribery as embodied in the Company's Code of Business Conduct and Ethics provides that:</p> <p><i>"Violation of this provision would be subject to disciplinary measures, which may include dismissal, without prejudice from the Corporation's right to initiate a criminal or civil action."</i></p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The Company's Whistle Blowing Policy provides that:	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<i>"CAT is primarily dedicated in curtailing the illegal and unethical behavior within the Corporation. It is committed to upholding the core values of Integrity, Honesty, Ethics, and Trust to foster and</i>	

<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p><i>encourage an environment which shall not tolerate any illegal or unethical behavior.</i></p> <p><i>This Policy provides a formal procedure for a whistle blower, who may be a director, officer, employee, or other third party, who may raise his/her concerns regarding an illicit or unethical event inside the Corporation. The whistle blower is assured that the safeguards are established for protection from reprisals, harassment, or disciplinary action as a result of raising the said concern.</i></p> <p><i>The term "whistleblowing" refers to a report of a suspected or actual illegal or unethical behavior inside the Corporation. Whistleblowing concerns include, but not limited to:</i></p> <p><i>Violation of Laws, whether civil or criminal;</i></p> <p><i>Violation of Rules and Regulations of Regulatory Agencies;</i></p> <p><i>Violation of Internal Rules, such as Code of Business Conduct and Ethics, Policies, Manual on Corporate Governance, Employees Manual on Company Rules and Regulation;</i></p> <p><i>Acts of Corruption and/or Bribery;</i></p> <p><i>Behavior that will negatively affect the Corporation's reputation</i></p> <p><i>Conduct prejudicial to the health and safety of the workplace</i></p>	
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	<p><i>Deliberate obstruction or concealment of any illegal or unethical behavior</i></p> <p><i>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. The corporation shall not be responsible in confidentiality issues when the whistle blower has communicated his report to a third party.</i></p> <p><i>Anonymous reports, though not prohibited, are highly discouraged as the veracity of the information may be put in issue.</i></p> <p><i>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."</i></p> <p>The Company's Code of Business and Ethics may be accessed through the following link:</p> <p><a href="http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/">http://luisitasugar.com/corporate-governance/code-of-business-conduct-and-ethics/</a></p>	
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**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>The Company's Social Responsibility activities may be viewed at:   <a href="http://luisitasugar.com/corporate-governance/corporate-social-responsibility/">http://luisitasugar.com/corporate-governance/corporate-social-responsibility/</a></p>	
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**Optional: Principle 16**

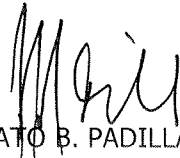
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>			
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>			

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 1<sup>st</sup> September 2020.

**SIGNATURES**




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



RENATO B. PADILLA  
**Independent Director**

BENJAMIN I. ESPIRITU  
**Independent Director**



JANETTE L. PEÑA  
**Corporate Secretary**



ADDISON B. CASTRO  
**Compliance Officer**

01 SEP 2020

**SUBSCRIBED AND SWORN** to before me this \_\_\_ day of August 2020, affiants exhibiting to me their respective competent evidence of identity as follows:

Name	Government Issued ID	Expiration Date
Martin Ignacio P. Lorenzo	Phil. Passport No. EC6023262	01 December 2020
Renato B. Padilla	GSIS No. 47101002469	
Benjamin I. Espiritu	Phil. Passport No. P7362258A	28 May 2028
Addison B. Castro	Driver's License No. N10-83-017000	05 September 2024
Janette L. Peña	Phil. Passport No. P5811162A	28 January 2028

**NOTARY PUBLIC**

Doc No. 179 ;  
Page No. 37 ;  
Book No. 1 ;  
Series of 2020.



  
ATTY. MARIANNE JEZELLE JEM T. MACARILAY  
Notary Public  
Appointment No. M-579/ until December 31, 2020  
4th Floor Jose Cojuangco & Sons Bldg.,  
119 Dela Rosa corner Palanca Sts.,  
Legaspi Village, Makati City  
PTR No. 8121280/01.06.20/Makati City  
IBP No. 105159/01.06.20/Makati City  
Roll No. 73084

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 1<sup>st</sup> September 2020.

**SIGNATURES**

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

**RENATO B. PADILLA**  
**Independent Director**



**BENJAMIN I. ESPIRITU**  
**Independent Director**

**JANETTE L. PEÑA**  
**Corporate Secretary**

**ADDISON B. CASTRO**  
**Compliance Officer**

**SUBSCRIBED AND SWORN** to before me this 01 SEP 2020 day of August 2020, affiants exhibiting to me their respective competent evidence of identity as follows:

Name	Government Issued ID	Expiration Date
Martin Ignacio P. Lorenzo	Phil. Passport No. EC6023262	01 December 2020
Renato B. Padilla	GSIS No. 47101002469	
Benjamin I. Espiritu	Phil. Passport No. P7362258A	28 May 2028
Addison B. Castro	Driver's License No. N10-83-017000	05 September 2024
Janette L. Peña	Phil. Passport No. P5811162A	28 January 2028

**NOTARY PUBLIC**

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 Series of 2020.



**MARIANNE JEZELLE JEM T. MACARILAY**  
 Notary Public  
 Appointment No. M-579/ until December 31, 2020  
 4th Floor Jose Cojuangco & Sons Bldg.,  
 119 Dela Rosa corner Palanca Sts.,  
 Legaspi Village, Makati City  
 PTR No. B121280/01.06.20/Makati City  
 IBP No. 105159/01.06.20/Makati City  
 Roll No. 73084