

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2018**
2. SEC Identification Number **14782**
3. BIR Tax Identification No. **128-846-000**
4. Exact name of issuer as specified in its charter: **Liberty Flour Mills, Inc.**
5. **Makati City, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **Liberty Building, 835 A. Arnaiz Avenue, Makati City**
Address of principal office
7. **1200**
Postal Code
8. **(+632) 8925011**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT
COMPLIANT/
NON-
COMPLIANT
EXPLANATION

The Board's Governance Responsibilities

Principle 1: 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.

Recommendation 1.1

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Please refer to the Board's Governance Responsibilities portion (Pages 2-16) of the attached Code of Corporate Governance.
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	Please refer to the Definitive Information Statement of the Company for the specific background of each director.

Recommendation 1.2

1. Board is composed of a majority of non-executive directors.	Compliant	Please refer to the Board's Governance Responsibilities portion of the attached Code of Corporate Governance. Out of the eleven directors of the company, only four form part of the management team.
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Recommendation 1.3

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>Please refer to the Board's Governance Responsibilities portion (page 16) of the attached Code of Corporate Governance.</p> <p>Please also see page 25 of the attached Code which gives the Nomination Committee the function of recommending continuing education/training programs for directors.</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>Please see page 16 of the attached Code that states: "New Directors are oriented through a thorough discussion and meeting on the Company. Basic and vital documents such as but not limited to the Annual Report, disclosures to the PSE and SEC, Code of Corporate Governance of LFM and other documents are given as part of the orientation kit."</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p>Please see page 16 of the attached Code that required and mandates directors to attend at least three hours of seminars.</p>	

Recommendation 1.4

1. Board has a policy on board diversity.	Compliant	The Company ensures that due diligence is conducted before board members are to be elected. The current board, along with the nomination committee, ensures that the knowledge and experience of the director to be admitted will add value to the Company.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	Please refer to pages 2-16 of the attached Code of Corporate Governance.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Please refer to pages 2-16 of the attached Code of Corporate Governance.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant		The Corporate Secretary is a member of the Board. The Corporate Secretary fulfills his duties and responsibilities in accordance with the Revised Corporation Code of the Philippines and the Code of Corporate Governance of the Company. His performance as a corporate secretary is not in conflict by also serving as director of the Company. Furthermore, as an added measure the Company also elects an assistant corporate secretary that is not a member of the Board of Directors.

<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>The Corporate Secretary is mandated to attend seminars on Corporate Governance annually.</p> <p>The Corporate Secretary attended a seminar held by the Center for Global Best Practices, held on November 9, 2018 at the Marriot Hotel.</p>	
<p>Optional: Recommendation 1.5</p>			
<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>	<p>Compliant</p>	<p>The Company believes that it is for the best interest of the Company if the Board acts on a fully and well informed basis., this being the case timely dissemination of the materials are made before the meetings. In particular, the Corporation ensures that the materials for the board meetings are <u>personally</u> delivered to each director.</p>	
<p>Recommendation 1.6</p>			
<p>1. Board is assisted by a Compliance Officer.</p>	<p>Compliant</p>	<p>Please see the attached Code on Corporate Governance, and the Definitive Information Statement filed before the Commission and disclosed on the PSE Edge.</p>	
<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>Compliant</p>		

<p>3. Compliance Officer is not a member of the board.</p>	<p>Non-Compliant</p>		<p>There is no inconsistency in holding both position in light of the checks and balances put in place by the Company.</p> <p>Moreover, the Compliance officer is assisted by the legal team in the implementation of the Code on Corporate Governance, disclosures required to be made with the SEC and PSE , among other rules and regulations.</p>
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>The compliance officer is mandated to attend seminars on corporate governance annually.</p> <p>The compliance officer of the company is Mr. Jose S. Jalandoni. He attended the relevant corporate governance training in 2018.</p>	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles 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.

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>The Directors of the Company are mandated to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.</p> <p>The Code of Corporate Governance of the Company highlights the functions and duties that a member of the Board as well as the underlying committees owe to the Company and to its relevant shareholders and stakeholders.</p> <p>For the above, please refer to pages 2-16 of the attached Code of Corporate Governance.</p>	
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>Please refer to pages 2-16 of the attached Code of Corporate Governance.</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>		
<p>Supplement to Recommendation 2.2</p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>Please refer to page 2 of the attached Code of Corporate Governance.</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>Please refer to page 17 to 19 of the attached Code of Corporate Governance.</p>	
<p>Recommendation 2.3</p>			

1. Board is headed by a competent and qualified Chairperson.	Compliant	Please see page 16 in relation to page 2 of the attached Code of Corporate Governance.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Please see page 25 of the attached Code of Corporate Governance provides that the Nomination Committee is tasked with the succession planning of the Directors and Corporate Officers.	
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		The company believes that age should not be the yardstick for membership in the Board nor serve as an officer of the Company. This being the case as long as a member of the Board or an executive of the company is able to perform to his or her expectations, there will be no barriers to their service. Furthermore, the company believes that it is a healthy mix of youth and the experienced that gives an organization a dynamic aspect which enables it to have an anchor on its past and history while at the same time giving it the ability to chart its future.
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Please refer to pages 21-22, 26 and 27 of the Code on Corporate Governance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	Please see page 22 of the Code of Corporate Governance.	

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Please see page 22 of the attached Code of Corporate Governance.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	The board and the Shareholders approve the remuneration of the senior management during the Annual Stockholder's Meeting.	
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.	Compliant	Please refer to pages 21-23 of the attached Code of Corporate Governance.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Please refer to pages 2-16 of the attached Code of Corporate Governance.	
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		
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.	Compliant	When it comes to the searching for candidates to the Board of Directors, a search team is appointed to make recommendations as to who can serve as prospective directors that fit the pre-determined qualifications given to such search teams. Upon receiving the recommendations of the search team, the Company undertakes due diligence on the qualifications and character of the prospective directors to determine if they are apt for the position.	
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	Please refer to pages 18-20 of the attached Code of Corporate Governance.	
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		
Supplement to Recommendations 2.7			
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.	Compliant	Please refer to pages 18-20 of the attached Code of Corporate Governance.	
2. Board establishes a voting system whereby a majority of non--related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	Please refer to pages 18-20 of the attached Code of Corporate Governance.	
Recommendation 2.8			
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	Please refer to pages 9, and 32-33 of the attached Code of Corporate Governance.	
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	Please refer to pages 9, and 32-33 of the attached Code of Corporate Governance.	
Recommendation 2.9			

<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>Please refer to pages 22-24 and 37-38 of the attached Code of Corporate Governance.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Please refer to pages 22-24 and 37-38 of the attached Code of Corporate Governance.</p>	

Recommendation 2.10

<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>Please refer to pages 22-24 and 28-34 of the attached Code of Corporate Governance.</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>Compliant</p>		
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>Please refer to pages 22-25 of the attached Code of Corporate Governance.</p>	

Recommendation 2.11

<p>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.</p>	<p>Compliant</p>	<p>Please refer to Pages 26 and 28-29 of the attached Code on Corporate Governance.</p>	
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<p>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.</p>	<p>Compliant</p>		
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Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Please refer to the Company website through the following URL:	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	http://www.libertygroup.com.ph/board.html	
3. Board Charter is publicly available and posted on the company's website.	Compliant	Please refer to the Company website through the following URL: http://www.libertygroup.com.ph/board.html	

Additional Recommendation to Principle 2

1. Board has a clear insider trading policy.	Compliant	The Company adopts the rules provided in the Securities and Regulation Code along with its Implementing Rules and Regulations.	
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Optional: Principle 2

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.	Compliant	Please refer to pages 18-20 of the attached Code of Corporate Governance.	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Please refer to pages 18-20 of the attached Code of Corporate Governance.	

Principle 3: 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.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Please refer to pages 22-25 of the attached Code of Corporate Governance. The current committees of the Board are the (1) Executive Committee; (2) Audit Committee; (3) Nomination Committee; (4) Remuneration Committee; and (5) Risk Oversight Committee.	
Recommendation 3.2			
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.	Compliant	Please refer to pages 23-25 of the attached Code of Corporate Governance.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	The Audit Committee of the Company is composed of two independent directors and one non-executive board member. For the members of the Audit Committee, please see the Definitive Information Statement and Management Report.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Please refer to page 16 of the attached Code of Corporate Governance. For the qualifications of each member of the Audit Committee, please see the Definitive Information Statement and Management Report.	

<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Non-Compliant</p>		<p>The Chairman of the Audit Committee also chairs the Compensation and Remuneration Committee.</p> <p>The Members of the aforementioned committees are not the same, and hence there are ample checks and balances in place in order to provide the necessary and desirable check and balances.</p> <p>Furthermore, the Company saw fit that the Chairperson in the determination of the compensation of Directors and Officers is at the same time the person who is tasked with knowledge of the Companies financial standing.</p> <p>This gives an unparalleled view on how Directors and Officers should be compensated based on the performance of the Company.</p>
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>Please refer to pages 23-25 of the attached Code of Corporate Governance.</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>The Audit committee meets with the external audit team on a quarterly basis and as the need arises.</p>	
<p>Optional: Recommendation 3.2</p>			
<p>1. Audit Committee meet at least four times during the year.</p>	<p>Compliant</p>	<p>The Audit Committee meets at least once a quarter for the preparation of the quarterly reports and a quarterly year-to-date performance evaluation.</p>	

2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Please see page 24 of the attached Code on Corporate Governance.	
Recommendation 3.3			
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.	Non-Compliant	Under the Code of Corporate Governance, it is the Nomination Committee that is tasked with overseeing the implementation of the Corporate Governance Framework.	The company it that it is the functions of a committee that matter, and not the names designated to such committee. This being the case, the Board decided that it was in the best interest of the company that the functions of the Nomination Committee include that of what should be long to a corporate governance committee. This being the case, the function of the Nomination Committee is not only to ensure that qualified individuals selected to key position, rather it includes ensuring that good practices that the company should follow are indeed stayed true to course. Furthermore, the implementation of the good corporate governance is also a task and function that is the duty of the Compliance Officer.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant	Please refer to pages 22-23 of the attached Code on Corporate Governance. For the members of this Committee, please see the Definitive Information Statement and the Management Report.	As mentioned above, the Corporate Governance functions of the Company are not placed in a separate Corporate Governance Committee, rather these functions are folded into the Nominations Committee which is in turn aided by the Compliance Officer.

3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant	The Chairperson of the committee that is tasked with the implementation of the Corporate Governance Framework of the Company is an Independent Director. Please see the Definitive Information Statement and Management Report.	As stated earlier, the committee tasked with the Corporate Governance of the Company is the Nominations Committee. The Chairman of the Nominations Committee is an Independent Director.
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	The Committee ensures that it meets at least twice a year, and at such meetings it makes it a point to discuss matters relating to the Corporate Governance of the Company.	
Recommendation 3.4			
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	Please refer to pages 21, 26, and 28-30 of the attached Code of Corporate Governance.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Please refer to pages 21, 26, and 28-30 of the attached Code of Corporate Governance.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Please refer to pages 21, 26, and 28-30 of the attached Code of Corporate Governance.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Please refer to pages 21, 26, and 28-30 of the attached Code of Corporate Governance.	
Recommendation 3.5			

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Please Refer to pages 18-20 of the Attached Code of Corporate Governance.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Please Refer to pages 18-20 of the Attached Code of Corporate Governance.	

Recommendation 3.6

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	Please refer to pages 22-26 of the attached Code on Corporate Governance.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Please refer to pages 22 to 26 and pages 28 to 33 of the attached Code of Corporate Governance.	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Please refer to the Company website through the following URL: http://www.libertygroup.com.ph/board.html	

Principle 4: 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.

Recommendation 4.1

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	Please refer to the By-Laws. Furthermore, Section 5 of Republic Act 11232, has provided for the matter suggested by this Recommendation.	
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2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Please refer to pages 20-21 of the attached Code of Corporate Governance.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Please refer to pages 20-21 of the attached Code of Corporate Governance.	
Recommendation 4.2			
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.	Compliant	Please refer to pages 14 and 16 of the attached Code of Corporate Governance.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	The Directors fully disclose to the Board the directorship position that they were offered the nature of the business of the offering corporation, and an analysis if this would lead to a possible conflict of interest.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant		
2. Company schedules board of directors' meetings before the start of the financial year	Compliant	The Board of Directors meet every last Wednesday of the month. This is in accordance with the By-Laws of the Company.	
3. Board of directors meet at least six times during the year.	Compliant	The board meets at least 12 times a year.	

4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-Compliant	The By-Laws of the Company provide that a majority of the Board is required to constitute a quorum and the majority of the quorum is necessary to decide on matters.	In the actual meeting of the Board, the actual attendance of the Bard Members comprises at least 2/3.
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

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	Please Refer to the Securities Regulation Code.	The Company currently has two independent directors, which constitutes at least 20% of the board size.
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Please refer to page 16 of the attached Code of Corporate Governance. Please also refer to the Certificate of Independence executed by the Independent Directors, which is attached to the Definitive Information Statement.	
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	Please refer to pages 2-16 of the attached Code of Corporate Governance.	
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Recommendation 5.3

1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Please refer to the Organizational Disclosure of the 2018 Stockholder's Meeting made available at the PSE Edge. Please also refer to the Certificate of Independence executed by the Independent Directors, which is attached to the Definitive Information Statement.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Please refer to Securities Exchange Commission Memorandum Circular 04-2017. Furthermore, the 2021 reckoning date has not yet been reached.	
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 shareholders' approval during the annual shareholders' meeting.	Compliant	Please refer to page 11 of the attached Code of Corporate Governance. Furthermore, the 2021 reckoning date has not yet been reached.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Non-Compliant	The Chairman and CEO of the Company is William Carlos Uy.	The roles and responsibilities of the Chairman and CEO are not inconsistent, and the duties and responsibilities of both the Chairmanship and CEO are carried out faithfully and dutifully by Mr. William Carlos Uy.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Please refer to page 11 of the attached Code of Corporate Governance.	
Recommendation 5.5			

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	Please refer to page 7 of the attached Code of Corporate Governance.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Please refer to pages 19-20 of the attached Code of Corporate Governance.	
Recommendation 5.7			
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	The NEDs meet on a quarterly basis, at the very least.	
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant		
Principle 6: 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.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	The Board, its individual members, and the respective committees make quarterly assessments to determine if the targets are met, and there is also discussion on what strategies should be taken to meet targets, and also if the implemented strategies are effective in helping the Company reach their targets.	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		

4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant		
Recommendation 6.2			
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.	Compliant	Please refer to pages 15-16 of the attached Code of Corporate Governance.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
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	Please refer to pages 17-18 of the attached Code of Corporate Governance.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	An updated copy is disseminated to the Board. Furthermore, the submission of this report and the Manual of Corporate Governance is discussed in the Board meeting immediately preceding the deadline for the submission of this report.	

<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>Copies of the updated Code is made available through the PSE Edge and distributed during the Annual Shareholder's Meeting.</p> <p>This may also be found on the wwebsite through the following link: http://www.libertygroup.com.ph/pdf/LEMManualofCorporateGovernance2017.pdf</p>	
<p>Supplement to Recommendation 7.1</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>Please see pages 11-12 and 17 of the attached Code on Corporate Governance.</p>	
<p>Recommendation 7.2</p>			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Compliant</p>	<p>Please refer to page 27 of attached Code of Corporate Governance.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>		
<p>Disclosure and Transparency</p>			
<p>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p>Recommendation 8.1</p>			
<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>Please refer to page 27 of the attached Code of Corporate Governance.</p>	

Supplement to Recommendations 8.1

<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>	<p>Compliant</p>	<p>The audited financial reports are made available upon the disclosure of the Annual Report of the Company through the PSE Edge and these are likewise given before the Annual Shareholder's Meeting.</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>	<p>Compliant</p>	<p>Please refer to the Annual Report and the Definitive Information Statement.</p>	

Recommendation 8.2

<p>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.</p>	<p>Compliant</p>	<p>Please refer to the Annual Report and the Definitive Information Statement.</p>	
<p>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.</p>	<p>Compliant</p>		

Supplement to Recommendation 8.2

<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 disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>Please refer to the PSE Disclosures.</p>	
<p>Recommendation 8.3</p>			
<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>Please refer to pages 2-16 of the attached Code of Corporate Governance.</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>Please refer to pages 2-16 of the attached Code of Corporate Governance.</p>	
<p>Recommendation 8.4</p>			
<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>Please refer to page 22 of the attached Code of Corporate Governance.</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>Please refer to the Definitive Information Statement and Management Report Statement previously filed with the Commission and made available through the PSE Edge.</p>	

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>Please refer to pages 18-20 of the attached Code of Corporate Governance.</p>	
<p>Recommendation 8.5</p>			
<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>Please refer to pages 18-20 of the Attached Code of Corporate Governance.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>Please refer to the Definitive Information Statement and Management Report previously filed with the Commission and disclosed and made available through the PSE Edge.</p>	
<p>Supplement to Recommendation 8.5</p>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>The Directors are required to give notice to the Board regarding any possible interest in a transaction or any possible conflict of interest. Such disclosure is then subject to further discussions during board meetings.</p>	
<p>Optional : Recommendation 8.5</p>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>Compliant</p>	<p>Please refer to the Definitive Information Statement and Annual Report previously filed with this Commission and made available through the PSE Edge.</p>	
<p>Recommendation 8.6</p>			

<p>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 viability or the interest of its shareholders and other stakeholders.</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>Please refer to the company disclosures on the PSE Edge.</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 Board ensures that due diligence is conducted before entering into transactions.</p> <p>If the need arises, the Board also hires appraisers to ensure that valuation that the Company gives or is given for assets are beneficial to the Company.</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>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.</p>	<p>Compliant</p>	<p>Please refer to the company disclosures on the PSE Edge.</p>	
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>The Manual of Corporate Governance is made available through the following link: http://www.libertygroup.com.ph/pdf/LFMManualofCorporateGovernance2017.pdf</p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	<p>Compliant</p>	<p>http://www.libertygroup.com.ph/pdf/LFMManualofCorporateGovernance2017.pdf</p>	

3. Company's MCG is posted on its company website.	Compliant	Furthermore, the Manual of Corporate Governance will be submitted to the Commission and the PSE respectively as an Annex in the filing of the I-ACGR and disclosure on the PSE Edge.	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Please refer to the disclosures made on the PSE Edge. However, for the previous year, there were no changes that were made to the Code of Corporate Governance of the Company.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Please refer to the Annual Report previously filed with the Commission and made available through the PSE Edge.	
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	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
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	Please refer to pages 28-34 of the attached Code of Corporate Governance, and the Annual Report filed with this Commission and disclosed on the PSE Edge.	
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.	Compliant	Please refer to pages 28-34 of the attached Code of Corporate Governance, and the Annual Report filed with this Commission and disclosed on the PSE Edge.	
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.	Compliant	Please refer to pages 28-34 of the attached Code of Corporate Governance, and the Annual Report filed with this Commission and disclosed on the PSE Edge.	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	Please refer to pages 28-34 of the attached Code of Corporate Governance, and the Annual Report filed with this Commission and disclosed on the PSE Edge.	

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

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>Please refer to page 19 of the Annual Report made available through the company website, and pages 22 to 25 of the attached Code on Corporate Governance.</p>	
<p>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.</p>	<p>Compliant</p>	<p>At least 80% of the Shareholders ratified and approved the re-appointment of the external auditor.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Please refer to page 19 of the Annual report. Furthermore, in the event that replacement of the external auditor is made the Company adheres to compliance with SEC MC No. 8, Series of 2013.</p>	
<p>Supplement to Recommendation 9.1</p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>Please refer to page 19 of the Annual report. Furthermore, in the event that replacement of the external auditor is made the Company adheres to compliance with SEC MC No. 8, Series of 2013.</p>	
<p>Recommendation 9.2</p>			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>Compliant</p>	<p>Please refer to pages 22-25 and 30-33 of the attached Code on Corporate Governance.</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>Please see pages 23-24, 30-32, and 34 of the attached Code of Corporate Governance.</p>	
<p>Supplement to Recommendations 9.2</p>			
<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>Please refer to pages 22-25 and 30-33 of the attached Code on Corporate Governance.</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Please refer to pages 22-25 and 30-33 of the attached Code on Corporate Governance.</p>	
<p>Recommendation 9.3</p>			

<p>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.</p>	<p>Compliant</p>	<p>There has been no non-audited services rendered by the Company's current external auditor.</p>	
<p>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.</p>	<p>Compliant</p>	<p>There has been no non-audited services rendered by the Company's current external auditor.</p>	
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>For the fiscal year of 2018 the Company paid a total of Php960,000.00 for audit services rendered to the Company's group.</p> <p>For the breakdown of the same, please refer to the Definitive Information Statement previously submitted to the Commission; and disclosed and made available through the PSE Edge.</p>	
<p>Additional Recommendation to Principle 9</p>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>SYCIP Gorres Velayo and Co. Editha V. Estacio Sec Accreditation No. 1700-A 18 August 2018 – 15 August 2021 6760 Ayala Avenue, Makati City (632) 8910307</p>	

<p>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).</p>	<p>Compliant</p>		
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>1. Board has 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.</p>	<p>Compliant</p>	<p>Please refer to the Annual Report previously submitted to the Commission, disclosed and made available through the PSE Edge, and uploaded to the Company Website.</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>Please refer to the Annual Report previously submitted to the Commission, disclosed and made available through the PSE Edge, and uploaded to the Company Website.</p>	

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, material and relevant information to its shareholders and other investors.</p>	<p>Compliant</p>	<p>Please refer to the disclosures made through the PSE Edge and the company website. The company website may be accessed at: www.libertygroups.com.ph</p>	
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Supplemental to Principle 11

<p>1. Company has a website disclosing up-to-date information on the following:</p>			<p>The company website may be accessed at: www.libertygroups.com.ph</p>	
a.	Financial statements/reports (latest quarterly)	Compliant		
b.	Materials provided in briefings to analysts and media	Compliant		
c.	Downloadable annual report	Compliant		
d.	Notice of ASM and/or SSM	Compliant		
e.	Minutes of ASM and/or SSM	Compliant		
f.	Company's Articles of Incorporation and By-Laws	Compliant		

Additional Recommendation to Principle 11

<p>1. Company complies with SEC-prescribed website template.</p>	Compliant	<p>The company website may be accessed at: www.libertygroups.com.ph</p>	
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Internal Control System and Risk Management Framework

Principle 12: 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.

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	Compliant	<p>Please refer to pages 28-34 of the attached Code of Corporate Governance.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	Compliant	<p>Please refer to pages 28-34 of the attached Code of Corporate Governance.</p>	

Supplement to Recommendations 12.1

<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>Please refer to pages 28-34 of the attached Code of Corporate Governance.</p>	
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Optional: Recommendation 12.1

<p>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.</p>	<p>Compliant</p>	<p>An IT personnel is assigned to ensure that all online and electronic usage are protected and that the integrity of the same is intact.</p>	
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Recommendation 12.2

<p>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.</p>	<p>Compliant</p>	<p>The internal audit is done in-house.</p>	
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Recommendation 12.3

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>Please refer to pages 24-25 of the attached Code of Corporate Governance.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Please refer to pages 24-25 of the attached Code of Corporate Governance.</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.	Compliant	Please see page 23 of the attached Code of Corporate Governance.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Please refer to pages 28-34 of the attached Code of Corporate Governance.	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Please see pages 21, and 28 to 32 of the Code of Corporate Governance.	
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).	Compliant	Please refer to pages 28-34 of the attached Code of Corporate Governance.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	Please refer to pages 24-25 of the attached Code of Corporate Governance.	
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.	Compliant	Please refer to pages 24-25 of the attached Code of Corporate Governance.	
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	Please refer to pages 36-38 of the attached Code of Corporate Governance.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please see the company website at: http://www.libertygroup.com.ph/	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Please see page 25 of the attached Code on Corporate Governance.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Please see pages 36-38 of the attached Code on Corporate Governance.	
3. Board has an effective, secure, and efficient voting system.	Compliant	Please see pages 36-38 of the attached Code on Corporate Governance.	
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	Please see pages 36-38 of the attached Code on Corporate Governance.	
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	Please see pages 36-38 of the attached Code on Corporate Governance. Furthermore, the shareholders are allowed to call a meeting in accordance with the company's by-laws.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please see pages 36-38 of the attached Code on Corporate Governance.	

7. Company has a transparent and specific dividend policy.	Compliant	Please see the Annual Report. Furthermore, the dividends are all paid after declaration in accordance with the rules of the PSE.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Non-Compliant	For the counting and verification of votes during the annual shareholders meeting, this is done by the Corporate Secretary, or in his or her absence by the assistant corporate secretary.	The company believes that this does not have an effect on the checks and balances in the manner of voting, nor does it mean that meetings are conducted without integrity and with partiality. The Corporate Secretary and/or the Assistant Corporate secretary is tasked with the tabulation and verification of the votes since they are the custodians of the corporate records.
Recommendation 13.2			
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.	Compliant	The agenda is made available to the public and shareholders through the PSE Edge and the release of the Definitive Information Statement.	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Please refer to the Information Statements filed with the Commission; and made available and disclosed through the PSE Edge.	

b. Auditors seeking appointment/re-appointment	Compliant	Please refer to the Information Statements filed with the Commission; and made available and disclosed through the PSE Edge.	
c. Proxy documents	Compliant	Please refer to the Information Statements filed with the Commission; and made available and disclosed through the PSE Edge.	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Please refer to the Information Statements filed with the Commission; and made available and disclosed through the PSE Edge.	
Recommendation 13.3			
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 results of the Annual and Special Shareholder's meeting are duly disclosed and made available through the PSE Edge.	

<p>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.</p>	<p>Compliant</p>	<p>The minutes of the meeting of the Company are made available at the company office.</p> <p>They are also made available through the company website at:</p> <p>http://www.libertygroup.com.ph/pdf/Minutes of Annual Stockholders Meeting 2013 to 2018.pdf</p>	
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>The external auditor and officers are made to be present at the meetings to answer queries from the Shareholders.</p>	
<p>Recommendation 13.4</p>			
<p>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.</p>	<p>Compliant</p>	<p>The board has made it a policy to settle issues and concerns through amicable negotiations. If necessary, an independent counsel is hired by the board to serve as a mediator to ensure that the parties are heard and that the matters are resolved.</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Please refer to page 20 of the attached Code of Corporate Governance.</p>	
<p>Recommendation 13.5</p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p>	<p>William Carlos Uy (632) 8925011</p>	

2. IRO is present at every shareholder's meeting.

Compliant

The IRO is present during the Shareholder's Meeting.

Supplemental Recommendations to Principle 13

1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group

Compliant

Please refer to pages 36-38 of the attached Code of Corporate Governance.

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.

Compliant

At least 40%.

Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting

Compliant

Please refer to pages 36-38 of the attached Code of Corporate Governance. Furthermore, the Company always makes at least one (1) director available in addition to its officers to communicate and respond to any query that any shareholder may have.

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.

Compliant

Currently, the Company has not adopted any electronic voting mechanism. Votes are either cast in person or by proxy.

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

Please refer to pages 36-38 of the attached Code on Corporate Governance.

Recommendation 14.2			
1.	Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Please refer to pages 36-38 of the attached Code on Corporate Governance.
Recommendation 14.3			
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.	Compliant	Please refer to page 18 of the attached Code on Corporate Governance.
Supplement to Recommendation 14.3			
1.	Company establishes an alternative dispute resolution system so that conflicts and differences with Key stakeholders is settled in a fair and expeditious manner.	Compliant	Please refer to page 18 of the attached Code on Corporate Governance.
Additional Recommendations to Principle 14			
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.	Compliant	The Company has not sought exemption and remains compliant with the relevant laws, rules, and regulations.
2.	Company respects intellectual property rights.	Compliant	The Company ensures that it, always, remains mindful of ensuring compliance with intellectual property rights of third parties.
Optional: Principle 14			

1. Company discloses its policies and practices that address customers' welfare	Compliant	Please see page 36 of the attached Code of Corporate Governance.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	Please see pages 36-37 of the attached Code of Corporate Governance.	
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			
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.	Compliant	Please refer to pages 36-37 of the attached Code of Corporate Governance.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	Please refer to pages 36-37 of the attached Code of Corporate Governance.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Please refer to pages 36-37 of the attached Code of Corporate Governance.	
3. Company has policies and practices on training and development of its employees.	Compliant	Please refer to pages 36-37 of the attached Code of Corporate Governance.	
Recommendation 15.2			
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.	Compliant	Please refer to page 17 of the attached Code of Corporate Governance.	

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>The Board releases official internal memos to the company and meets with the relevant team in case a more in-depth discussion and application of the policies and programs are to be made.</p>	
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Supplement to Recommendation 15.2

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>Please refer to pages 17 and 38 of the attached Code on Corporate Governance.</p>	
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Recommendation 15.3

<p>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</p>	<p>Compliant</p>	<p>Please refer to page 18 of the attached Code of Corporate Governance.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Please refer to page 18 of the attached Code of Corporate Governance.</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>Please refer to page 18 of the attached Code of Corporate Governance.</p>	

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>Please see the Annual Report submitted to the Commission; and disclosed and made available through the PSE Edge and company website.</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>Compliant</p>	<p>Please see the Annual Report submitted to the Commission; and disclosed and made available through the PSE Edge and company website.</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>Please see the Annual Report submitted to the Commission; and disclosed and made available through the PSE Edge and company website.</p>	


WILLIAM CARLOS UY
Chairman/President


JOSE S. JALANDONI
Compliance Officer


JOSE A. FERIA, JR.
Independent Director

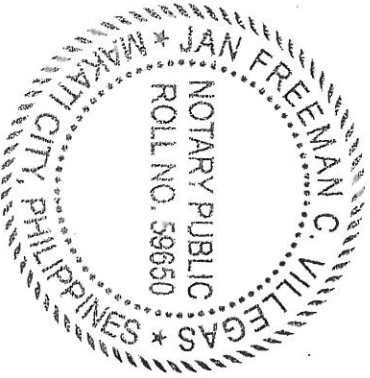

DAVID NG
Independent Director



MA. ELISA G. LEDESMA
Assistant Corporate Secretary

THIS DOCUMENT was personally subscribed and sworn to by the affiant before me this MAY 30 2019 day of May 2019 in Makati City. Affiant, who are personally known to me, avowed under penalty of law to the whole truth of the contents of the foregoing document and exhibited the following evidence of identity:

NAME	Identification Document Presented
WILLIAM CARLOS UY	TIN 123-282-691
JOSE S. JALANDONI	134-319-308
JOSE A. FERIA, JR.	107-793-449
DAVID NG	119-867-317
MA. ELISA G. LEDESMA	107-789-849
WILLIAM CARLOS UY	TIN 123-282-691

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Series of 2019.




Atty. Jan Freeman C. Villegas
Notary Public for Makati City
Appt. No. M-128 until December 2019
Unit 3C LTA Building, 118 Perea St
Legaspi Village, Makati City
Roll No. 59650
IBP No. 066378/12-07-2018 / Pasig City
PTR No. 7333009 / 01-03-2019 / Makati City
MCLE Compliance No. V-0013777 / Feb. 5, 2016

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