





27 May 2022

**RACHEL ESTHER J. GUMTANG-REMALANTE**

*Director, Corporate Governance and Finance Department*  
Securities and Exchange Commission  
Secretariat Building, PICC Complex,  
Roxas Boulevard, Pasay City

Dear Director Gumtang-Remalante,

In compliance with SEC Memorandum Circular No. 15 Series of 2017, Liberty Flour Mills is pleased to submit its Integrated Corporate Governance Report for the year 2021.

We hope that you find everything in order



**MARIA ELISA G. LEDESMA**  
*Compliance Officer*



**SEC FORM – I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended **December 31, 2021**
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** **1200**  
**City**  
Address of principal office 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	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board’s Governance Responsibilities</b>			
<p><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.</p>			
<b>Recommendation 1.1</b>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company’s industry/sector.</p>	<b>COMPLIANT</b>	<p>LFM’s policies on experience, competence, and qualifications of the Board of Directors may be seen in pages 2 to 14 of the Revised Code of Corporate Governance (the “RCG”).</p> <p>In addition to the qualifications set by law and regulations for directors, the Nominations Committee ensures that the criteria in <i>Board Diversity and Qualifications</i> are property embodied by each nominee to directorship positions.</p> <p>The guiding principles in the selection and appointment of directors is as follows:</p> <p>1. Whether the nominee possess the knowledge, skills, expertise, experience and independence of mind to perform their responsibilities as a member of the Board of Directors;</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	<b>COMPLIANT</b>		
<p>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.</p>	<b>COMPLIANT</b>		

		<p>2. Whether the nominee possess a record and reputation for integrity and good repute;</p> <p>3. Whether the nominee will have sufficient time to carry out their responsibilities; and</p> <p>4. Whether they possess all the qualifications or any of the disqualifications to be a member of the Board.</p> <p>Furthermore, the policy on Board diversity states that the Nominations Committee should consider representation of all genders, age, educational backgrounds, and expertise – with appointment based on merit, probity, sedulousness, integrity, and honesty (RCG, page 3-4).</p> <p>Please refer to the Definitive Information Statement of the Company for the specific background of each director.</p> <p>The Definitive Information Statement of the Company is available through the following link:</p>	
--	--	--	--

		<a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a>  Please refer to pages 8-9 of the Definitive Information Statement.	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	<b>COMPLIANT</b>	Please refer to the Board’s Governance Responsibilities portion of the attached Code of Corporate Governance.  Out of the eleven (11) directors of the company, only three (3) form part of the management team.  The directors that form part of the Management Team are the following:  1.Sandra Judy Uy - President;  2.Jose Ma. S. Lopez – Senior Vice President; and  3.Vicente S. Vargas – Corporate Secretary.  Please refer to the following link for a list of the Corporation’s Board of Directors as well as its Management Officers:  <a href="http://pse.com.ph">Directors and Management (pse.com.ph)</a>	

Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p><b>COMPLIANT</b></p>	<p>In the RCG LFM requires the Onboarding of Directors. This pertains to director education on LFM’s heritage, mission, vision, values, core competencies, and other related matters (RCG, page 6-7).</p> <p>For existing and current directors there is an annual and continuing training for all directors of the company. This is aimed at ensuring that throughout a Director’s tenure they are well appraised of any and all developments that relate to LFM, or matters that they would need to know in their capacity as Directors, or members of a particular committee (RCG, page 7).</p> <p>To aid in this function, the following are implemented by LFM:</p> <p style="padding-left: 40px;">1.Chairman of the Board is also responsible in ensuring the proper orientation for first-time directors and continuing training opportunities for all directors (RCG, page 15).</p> <p style="padding-left: 40px;">2.The Compliance Officer ensure the attendance of the Board Members and Key Officers to relevant trainings (RCG, page 17).</p>	

		<p>3.The Nominations Committee is tasked with recommending the education and training programs for directors (RCG, page 26)</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p><b>COMPLIANT</b></p>	<p>The RCG provides the following (RCG, Page 6-7):</p> <p><i>“LFM has an onboarding program for first-time directors. At this onboarding program, a new director is acquainted to LFM’s heritage; its mission, vision, and values; goals and aspirations; and the core competencies that are at the heart of the Company.</i></p> <p><i>A new director will also be appraised of his duties and responsibilities, as well as an introduction and discussion of the Commission’s mandated topics on corporate governance, an overview and discussion of LFM’s charter documents, and its code of Business Conduct and Ethics. Furthermore, at this onboarding program, the new director will be introduced to the key management and staff of LFM. The new director may also ask any all questions or clarify matters</i></p>	



		<i>that he deems necessary, and in furtherance of such, request for documents to complete and complement his understanding of LFM's business operations."</i>	
3. Company has relevant annual continuing training for all directors.	<b>COMPLIANT</b>	<p>For existing and current directors there is an annual and continuing training for all directors of the company. The RGC States (RCG, page 7):</p> <p><i>"There will be an annual and continuing training for all directors of the company. This is aimed at ensuring that throughout a Director's tenure they are well appraised of any and all developments that relate to LFM or matters that they would need to know in their capacity as Directors, or members of a particular committee.</i></p> <p><i>Such orientation may be done by LFM, or a third-party provider. In all cases, such trainings shall pertain to developments of the business, regulatory environments, and emerging risks that the company faces – including trainings on audit, internal controls, risk detection and management, sustainability, and strategy."</i></p>	<p>The training plan is kept general, given that the business environments may rapidly change. As we have seen through the demands of the COVID-19 pandemic, corporations were forced to drastically shift business directors and strategies to adapt to the new environment bred by CODIV-19.</p> <p>It is the goal of LFM to create learning opportunities which will help directors adapt to these business changes.</p>

Recommendation 1.4			
<p>1. Board has a policy on board diversity.</p>	<p><b>COMPLIANT</b></p>	<p>Board diversity is of utmost importance to LFM, since having Directors with various backgrounds facilitates holistic discussions on matters brought to the attention of the Board.</p> <p>Under the RCG, LFM has adopted a concrete policy on board diversity. The RCG states (page 3-4):</p> <p><i>“LFM is committed to composing a Board of Directors that are diverse as to gender, age, ethnicity, culture, skills, competence and knowledge. The purpose of such commitment is to remove groupthink and provide for a counterbalance against ingrained biases to ensure that optimal decision making is achieved.</i></p> <p><i>To achieve its diversity aspirations the Board and the Nominations Committee shall consider the following:</i></p> <ol style="list-style-type: none"> <li><i>1. That there is representation of all genders in the Board of Directors as well as the committees, if practicable;</i></li> <li><i>2. That the Board should be composed of persons of different ages;</i></li> </ol>	

		<p>3. <i>The Board should be composed of directors with various educational backgrounds;</i></p> <p>4. <i>The nominees and directors should all be from various expertise and backgrounds, but such backgrounds should be of a nature that the director can provide valuable input or relevant alternative perspectives;</i></p> <p>5. <i>Ensure that that board is composed of persons who possess the proper balance of skills, expertise, and knowledge, that align with the strategic goals of LFM;</i></p> <p>6. <i>At all times the prime consideration for appointment should be merit, probity, sedulousness, integrity, and honesty. Appointment should not be based on affinity, relationship, or not merely for the sake of having a diverse board.”</i></p> <p>Furthermore, the Board is composed of persons of different genders as well as educational and professional backgrounds.</p>	
--	--	--	--

**Optional: Recommendation 1.4**

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p><b>COMPLIANT</b></p>	<p>Please see pages 3-4 of the RCG for the policy on board diversity, as reported on above.</p> <p>Furthermore, there is ample diversity in the board of directors, as provided by the description and background of directors stated in LFM's information statement. A copy of the information statement is available through the following link:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p>	
<p><b>Recommendation 1.5</b></p>			
<p>1. Board is assisted by a Corporate Secretary.</p>	<p><b>COMPLIANT</b></p>	<p>Under the RCG, the board ensures that it is assisted by a Corporate Secretary, who is preferably not a member of the Board and is separate from the Compliance Officer. Furthermore, the Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the President, Chairman, or Board (RCG, page 10).</p>	
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p><b>COMPLIANT</b></p>	<p>Under the RCG, the board ensures that it is assisted by a Corporate Secretary, who is preferably not a member of the Board and is separate from the Compliance Officer. Furthermore, the Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the President, Chairman, or Board (RCG, page 10).</p>	<p>The Corporate Secretary is Vicente S. Vargas; while the Compliance Officer is Maria Elisa G. Ledesma.</p>
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p><b>NON-COMPLIANT</b></p>	<p>Under the RCG, the board ensures that it is assisted by a Corporate Secretary, who is preferably not a member of the Board and is separate from the Compliance Officer. Furthermore, the Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the President, Chairman, or Board (RCG, page 10).</p>	<p>The Corporate Secretary is a member of the Board. However, the Corporate Secretary is still able to maintain the duty of impartiality. Furthermore, the company believes that the functions and tasks of a Director and Corporate Secretary are not inherently inconsistent. Neither will the fact of serving as both a director and corporate secretary impact performance, integrity, probity, and one's ability to think and contribute to discussions.</p>

			As an added measure the Company also elects an assistant corporate secretary that is not a member of the Board of Directors.
4. Corporate Secretary attends training/s on corporate governance.	<b>COMPLIANT</b>	The Corporate Secretary is mandated to attend seminars on Corporate Governance annually.  The Corporate Secretary attended the training/ workshop conducted by the Center for Global Best Practices held on March 19, 2021.	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	<b>COMPLIANT</b>	LFM believes that it is for the best interest of the Company if the Board acts on a fully and well-informed basis. Consequently, timely dissemination of the materials are made before the meetings. In particular, the Corporation ensures that the materials for the board meetings are <b>personally</b> delivered to each director. However, in amin to be more ecological, the Company has begun distributing meeting materials through electronic mail.	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	<b>COMPLIANT</b>		

2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	<b>COMPLIANT</b>	The RCG of the Company states the following:  <i>"The Compliance officer holds the same rank as Senior Vice-President who is preferably not a member of the Board. Furthermore, the Compliance Officer is primarily responsible to the corporation and its shareholders, and not to the President, Chairman, or Board."</i>	
3. Compliance Officer is not a member of the board.	<b>COMPLIANT</b>	<i>"The Compliance officer holds the same rank as Senior Vice-President who is preferably not a member of the Board. Furthermore, the Compliance Officer is primarily responsible to the corporation and its shareholders, and not to the President, Chairman, or Board."</i>	
4. Compliance Officer attends training/s on corporate governance.	<b>PARTIALLY COMPLIANT</b>	The compliance officer is mandated to attend seminars on corporate governance annually.  The compliance officer of the Company until August 25, 2021, was Mr. Jose S. Jalandoni. He attended a workshop/training program conducted by the Center for Global Best Practices held on March 19, 2021. ON August 25, 2021 Mr. Jose S. Jalandoni resigned as the Company's Compliance Officer and he was replaced by Ms. Maria Elisa G. Ledesma.	The Company's Compliance Officer, Jesus Jalandoni, had resigned on August 25, 2021; after having complied with the continuing education requirement. This left little time for the current compliance officer, Maria Elisa G. Ledesma to find and attend seminars that were accredited by the Securities and Exchange Commission.

**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><b>COMPLIANT</b></p>	<p>Among the duties and norms of conduct of the Board is the requirement that the Board must act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company (RCG, Page 9).</p> <p>The RCG 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><b>Recommendation 2.2</b></p>			
<p>1. Board oversees the development, review and approval of the company’s business objectives and strategy.</p>	<p><b>COMPLIANT</b></p>	<p>The RCG provides that the Board is tasked with the following, among others:</p>	
<p>2. Board oversees and monitors the implementation of the company’s business objectives and strategy.</p>	<p><b>COMPLIANT</b></p>	<p><i>“The Board should oversee the development and approve the company’s business and strategy and monitor its implementation. In furtherance of this duty the Board should establish a strategy execution process that would facilitate and aid management in reaching company goals, taking into consideration company culture and the current business environment”</i></p>	
<p><b>Supplement to Recommendation 2.2</b></p>			

1. Board has a clearly defined and updated vision, mission and core values.	<b>COMPLIANT</b>	Please refer to page 1 of the RCG.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	<b>COMPLIANT</b>	Please refer to page 6 of the RCG which mandates the board to monitor the implementation and corporate performance.	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	<b>COMPLIANT</b>	Please see page 9 of the RCG which provides that LFM will, always, be headed by a competent and qualified Chairperson.  The Chairperson of the Company is Mr. William Uy.	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	<b>COMPLIANT</b>	Please see pages 9 and 26 where the it is among the duties of the Board of Directors, aided by the nominations committee, to adopt an effective succession planning program for directors and key officers.	
2. Board adopts a policy on the retirement for directors and key officers.	<b>NON-COMPLIANT</b>		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, if a member of the Board or an executive of the company can 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.
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	<b>COMPLIANT</b>	Please refer to pages 9, 21, and 26 – 27 of the RCG. Under these sections the company makes it the responsibility of the Board, assisted by the Remuneration Committee, to ensure that compensation is aligned with the long term interests of LFM. Furthermore, the Company also adopts a remuneration policy to ensure that compensation provided is fair and reasonable.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	<b>COMPLIANT</b>		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	<b>COMPLIANT</b>	<p>The Remuneration Committee is tasked with ensuring that the compensation given to the Board as well as to management is consistent with the Company's culture, strategy and the business environment in which it operates.</p> <p>Furthermore, the compensation of the Company' top management are based on the Company's performance. As an</p>	

		<p>example, in the 2019 disclosures, the estimated salaries of top management for 2020 were at PhP8.3M; however, the actual salaries given were PhP7.8M. The Company has an internal adjustment mechanism to make sure that executive compensation is not excessive and is merited and warranted.</p>	
<b>Optional: Recommendation 2.5</b>			
<p>1. Board approves the remuneration of senior executives.</p>	<p><b>COMPLIANT</b></p>	<p>The board and the Shareholders approve the remuneration of the senior management during the Annual Stockholder's Meeting.</p> <p>Furthermore, the estimated compensation for the senior executives is indicated and laid out in the company's Definitive Information Statement, available through the following:</p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	

<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 26-27 of the attached RCG.</p> <p>Furthermore, bonuses and a portion of compensation of the executive directors and senior officers are tied to the performance of the company.</p>	
<p><b>Recommendation 2.6</b></p>			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 8 and 25-26 of the RCG.</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p><b>COMPLIANT</b></p>		
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p><b>COMPLIANT</b></p>		
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p><b>COMPLIANT</b></p>		
<p>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.</p>	<p><b>COMPLIANT</b></p>		
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p><b>COMPLIANT</b></p>		

<b>Optional: Recommendation to 2.6</b>			
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.	<b>NON-COMPLIANT</b>	Identify the professional search firm used or other external sources of candidates.	The Company shall adopt this recommendation with the need arises. Currently, the Company does not see value that is given by professional search firms or external data bases. Candidates to the Board of Directors are deemed highly valuable to the Company; and mere recommendations of external paid third-party service providers are not as valued as recommendations and voucher of character made by persons trusted by the Company.
<b>Recommendation 2.7</b>			
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.	<b>COMPLIANT</b>	<b>Code of Corporate Governance</b> Please refer to pages 17 to 18 and 24-25 of the Revised Code of Corporate Governance.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	<b>COMPLIANT</b>	<b>Group Material Related Transaction Policy</b> The Company has a Material Related Party Transaction Policy available through the following link:	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	<b>COMPLIANT</b>	<a href="http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf">http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf</a>	

		<p><b>Disclosures made on the Definitive Information Statement on Related Party Transactions (page 17):</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</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>	<b>COMPLIANT</b>	<p>Please see the Material Related Transaction Policy available through the following:</p> <p><b>Group Material Related Transaction Policy</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf">http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf</a></p> <p>Under the Company's Related Transaction Policy there is a materiality threshold that is set at 10% of the Company's Total Assets based on the latest audited financial statements. Transactions that cross the materiality threshold are subject to Board approval.</p>	

		<p>The related party transactions of the Company are disclosed in the Definitive Information Statement and Audited Financial Statements which are available through the following:</p> <p><b>Definitive Information Statement:</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</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>	<p><b>NON-COMPLIANT</b></p>		<p>Please refer to pages 18-20 of the attached Code of Corporate Governance; and the Material Related Party Transaction Policy available through the following:</p> <p><b>Group Material Related Transaction Policy</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf">http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf</a></p> <p>The aforementioned provide that it is the Board that is responsible for the evaluation of such transactions is with the Board.</p>
<p><b>Recommendation 2.8</b></p>			

<p>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).</p>	<p><b>COMPLIANT</b></p>	<p>Under the RGC it is the duty of the Board to establish a competent management team composed of individuals who possess capabilities and have demonstrated their competence and abilities in their given fields of practice.</p> <p>Hence, it is the responsibility of the board to approve the selection of top management and the head of other control functions; as well as to assess their performance.</p> <p>Furthermore, it is a matter of practice that the President and other members of senior management are appointed by the Board of Directors. Their appointment and selection are done at the organizational meeting, which follows the Annual Shareholders' meeting.</p>	
<p>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).</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to page 11 of the RCG which provides that it is among the deliverables of the Board to assess the performance of senior management and heads of other control functions.</p> <p>Furthermore, during Board meetings there is candor between senior management and the directors where</p>	

		feedback on corporate activities and actions are given by the later based on the presentations and reports made during the Board meetings.	
<b>Recommendation 2.9</b>			
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.	<b>COMPLIANT</b>	Please refer to page 9 of the RCG which makes it among the <i>Duties and Norms of Conduct of the Board</i> .	
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.	<b>COMPLIANT</b>		
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	<b>COMPLIANT</b>	Under the RCG it is among the responsibilities of the Board to ensure that the appropriate internal control systems are in place, including a mechanism for monitoring and managing potential/ actual conflicts of interest of board members, management, and shareholders;	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	<b>COMPLIANT</b>		
3. Board approves the Internal Audit Charter.	<b>COMPLIANT</b>		Please refer to page 21 and 28-29 of the RCG.



		Under the mechanism of the Company, the Audit Charter is formulated by the Audit Committee, and the audit committee recommends the approval of the Audit Charter to the Board.	
<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.	<b>COMPLIANT</b>	Please refer to page 12 of the RCG.  Furthermore, the ERM functions of the Board are assisted by the Risk Oversight Committee which is primarily responsible for tracking, collating, and analyzing the various risks that LFM faces. It is this understanding and grasp of potential risks that places management in a position to make well informed decisions based on juxtaposing the current risk environment, current business activities, and future plans and opportunities (Page 30, RCG).	
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.	<b>COMPLIANT</b>	Furthermore, the Enterprise Risk Management Plan contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals and objectives, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management	

		strategies, and (e) continuing assessments to improve risk strategies, processes and measures (Page 30, RCG).	
<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.	<b>COMPLIANT</b>	<b>Duties and Norms of Conduct of the Board as a Body</b>  Pages 11-12 of the RCG provides for the duties and norms of conduct that the board must adhere to as a body.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	<b>COMPLIANT</b>	<b>Duties and Norms of Conduct of a Director</b>  Pages 12-13 of the RCG provides the duties and norms of conduct that are incumbent upon each director.  <b>Deliverables of the Board of Directors</b>  Page 13 of the RCG provides for a list of assumptions and target deliverables of the Board.  Additionally, please refer to the Company website through the following URL:  <a href="http://www.libertygroup.com.ph/board.html">http://www.libertygroup.com.ph/board.html</a>	

3. Board Charter is publicly available and posted on the company's website.	<b>COMPLIANT</b>	Please refer to the Company website through the following URL:  <a href="http://www.libertygroup.com.ph/board.html">http://www.libertygroup.com.ph/board.html</a>  Additionally, please refer to pages 11-13 of the RCG.	
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	<b>COMPLIANT</b>	The Company adopts the rules provided in the Securities and Regulation Code along with its Implementing Rules and Regulations.	
<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.	<b>COMPLIANT</b>	As a matter of general practice, LFM refrains from granting personal loans to directors and officers.	
2. Company discloses the types of decision requiring board of directors' approval.	<b>COMPLIANT</b>	Please refer to page 29 of the RCG.  Furthermore, these are contained in the minutes of the meeting of the Board of Directors, which the public, with reasonable demand, may access.	

**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**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 14 to 21 of the RCG.</p> <p>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.</p> <p>For a list of the committee memberships please see the following:</p> <p><b>Definitive Information Statement:</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><b>Disclosure on the Results of the Organizational Meeting:</b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9</a></p>	
--	-------------------------	--	--

**Recommendation 3.2**

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company’s financial reporting, internal</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 15 to 19 of the RCG.</p>	
---	-------------------------	---	--

<p>control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>		<p>The composition of the Audit Committee is available through the Definitive Information Statement as well as the Company's disclosure on the results of the organizational meeting, as follows:</p> <p><b>Definitive Information Statement:</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><b>Disclosure on the Results of the Organizational Meeting:</b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9</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><b>COMPLIANT</b></p>	<p>The Audit Committee of the Company is composed of two independent directors and one non-executive board member.</p> <p>For the members of the Audit Committee, please see the Definitive Information Statement and Management Report, as well as the following disclosure:</p> <p><b>Disclosure on the Results of the Organizational Meeting:</b></p>	

		<a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9</a>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	<b>COMPLIANT</b>	<p>Please refer to page 15 of the RCG</p> <p>For the qualifications of each member of the Audit Committee, please see the Definitive Information Statement and Management Report through the following link:</p> <p><b>Definitive Information Statement:</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	<b>NON-COMPLIANT</b>		<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 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</p>

			<p>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>Lastly, the Corporation only has two independent directors and four committees. Consequently, avoiding overlapping chairmanship of a committee is unavoidable. In the evaluation of Corporate Governance principles to comply with; the Company evaluated that chairmanship of committees by independent directors was more important than having different chairpersons per committee.</p>
<b>Supplement to Recommendation 3.2</b>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to page 24 of the RCG which provides that the Audit Committee has the following duty:</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 and the corporation's overall consultancy expenses. The Audit Committee has the power to disallow any</i></p>	

		<i>non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his independence. Such non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report"</i>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	<b>COMPLIANT</b>	The Audit committee meets with the external audit team on a quarterly basis and as the need arises. Furthermore, in addition to the regular meetings, the Company and its external auditor maintain an open line of communication wherein the external auditor may be consulted for matters requiring their opinion and/or inputs.	
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	<b>COMPLIANT</b>	The Audit Committee meets at least once a quarter for the preparation of the quarterly reports and a quarterly year-to-date performance evaluation.	
2. Audit Committee approves the appointment and removal of the internal auditor.	<b>COMPLIANT</b>	Please see page 23 to 26 of the attached Code of Corporate Governance.	
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance	<b>NON-COMPLIANT</b>	Under the Code of Corporate Governance, it is the Nomination Committee that is tasked with	The Company it that it is the functions of a committee that matter, and not the names designated to such committee. This being



<p>responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>overseeing the implementation of the Corporate Governance Framework. Please see page 20 of the RCG for the Nomination Committee's Corporate Governance functions.</p>	<p>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.</p> <p>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.</p> <p>The implementation of the good corporate governance is also a task and function that is the duty of the Compliance Officer.</p> <p>The Company also avoids creating too many committees since it believes that this has the potential to create unnecessary organizational weight/ heaviness, as well as distract and pull committee members from other important tasks. Hence, it believes that the functions of corporate governance can be merged or carried out by the Nominations Committee.</p>
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p><b>NON-COMPLIANT</b></p>		<p>As mentioned above, the Corporate Governance functions of the Company are not placed in a separate Corporate</p>

			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.	<b>NON-COMPLIANT</b>	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 mentioned 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.
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	<b>NON-COMPLIANT</b>		Given that the absence of a Corporate Governance Committee, and the Corporate Governance Functions assumed by the Nominations Committee, matters related to Corporate Governance as discussed during such meetings.
<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.	<b>COMPLIANT</b>	Please refer to pages 21, of the RCG.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>COMPLIANT</b>	The members of the Risk Oversight Committee are: 1. Jose A Feria Jr.; 2. David Ng; and 3. William Ang.	

		<p>The first two (2) named above are independent directors.</p> <p>The composition of Risk Oversight Committee was disclosed via the PSE Edge.</p> <p><b>Disclosure on the Results of the Organizational Meeting:</b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9</a></p>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>NON-COMPLIANT</b>	Jose A. Feria Jr. is also the Chairman of the Nominations Committee.	<p>The Members of the aforementioned committees are not the same, and hence there are ample checks and balances in place to provide the necessary and desirable check and balances.</p> <p>Furthermore, the background of Jose A. Feria Jr. gives him an advantage in terms of appreciating and understanding risk.</p>
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	<b>COMPLIANT</b>	For the qualifications of each member of the Risk Oversight Committee, please see the Definitive Information Statement and Management Report.	

### 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.	<b>NON-COMPLIANT</b>		The RPT function of the company is lodged in the Board itself. It is the body in the corporation that studies and approves RPTs.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	<b>NON-COMPLIANT</b>		<p>This comes with the additional safeguard that Senior Management implements controls to monitor RPTs on a per transaction and aggregate basis; the Audit Committee reviews the effectiveness of the internal controls; and the Compliance Officer ensures that the aforementioned follow the relevant rules and regulations.</p> <p>For more information please see the MRPT, available at:  <a href="http://www.libertygroup.com.ph/pdf/Related Party Transactions Policy 2019.pdf">http://www.libertygroup.com.ph/pdf/Related Party Transactions Policy 2019.pdf</a></p>
<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.	<b>COMPLIANT</b>	<p>Please refer to the following pages of the RCG:</p> <ol style="list-style-type: none"> <li>1. Audit Committee - Page 15 to 19</li> <li>2. Nominations Committee – Pages 19 to 20</li> <li>3. Remuneration Committee – Pages 20 to 21.</li> </ol>	

		4. Risk Oversight Committee – Page 21.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>COMPLIANT</b>	Please see pages 15 to 21 of the attached RCG.	
3. Committee Charters were fully disclosed on the company's website.	<b>COMPLIANT</b>	<p>Please refer to the Company website through the following URL:</p> <p><a href="http://www.libertygroup.com.ph/board.html">http://www.libertygroup.com.ph/board.html</a></p> <p>Furthermore, the duties and functions of each Committee are detailed and discussed in the Company's RCG available through the following link:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM Revised Code of Corporate%20Governance 2019.pdf">http://www.libertygroup.com.ph/pdf/LFM Revised Code of Corporate%20Governance 2019.pdf</a></p>	

**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	<b>COMPLIANT</b>	The Directors are given the option to participate and attend Board and Committee meetings through remote communication. However, this is not a	
--	------------------	--	--

<p>accordance with the rules and regulations of the Commission.</p>		<p>practice that is available to the shareholder.</p> <p>Under Republic Act 11232, for complete shareholder participation (including the right to vote) in Board Meetings to be effected, this must be stated in the By-Laws. However, the SEC has passed and promulgated guidelines on the holding of Shareholder meetings through remote communication matter were released on March 12, 2020, through SEC Memorandum Circular No. 6 Series of 2020; further encouraging corporations to allow stockholders to allow participation through remote communications even in a post-pandemic way of life.</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 10 of the RCG.</p>	<p>The materials for the Board meetings are given to the Board and committee members before each meeting.</p>
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 10 and 37 and 39.</p> <p>Furthermore, it is among the duties of each director to dedicate time and attention to properly and effectively perform his/her duties as stated in the Code.</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><b>NON-COMPLIANT</b></p>		<p>LFM does not have a policy against Directors holding other directorship positions in other companies. The company does not believe that the number of seats that a director holds does not have a significant impact on active participation. Furthermore, LFM is of the opinion that there is no direct correlation on the number of board positions held to the ability of a director to contribute to discussions and to the company. As a matter of fact, exposure to different industries enriches a Director, which in turn gives a Director’s contribution an aspect of spanning across different disciplines.</p> <p>What is of more concern to LFM are Director conflicts of interest.</p>
<b>Recommendation 4.3</b>			
<p>1. The directors notify the company’s board before accepting a directorship in another company.</p>	<p><b>COMPLIANT</b></p>	<p>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.</p>	
<b>Optional: Principle 4</b>			
<p>1. Company does not have any executive directors who serve in more than two</p>	<p><b>COMPLIANT</b></p>	<p>Please see the Management Report as well as the Annual Report which contains</p>	

boards of listed companies outside of the group.		the background of the various directors of the Company.	
2. Company schedules board of directors' meetings before the start of the financial year	<b>COMPLIANT</b>	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.	<b>COMPLIANT</b>	The board meets at least 12 times a year.  In the absence of any extra-ordinary circumstances, the Board religiously meets every last Wednesday of the month, and if such date cannot be kept, the meeting is rescheduled to a later date.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	<b>NON-COMPLIANT</b>	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.

**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.	<b>NON-COMPLIANT</b>	Please Refer to the Securities Regulation Code.	The Company currently has two independent directors, which constitutes at least 20% of the board size.
--	----------------------	---	--

**Recommendation 5.2**



<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 12 to 14 of the RCG and the Certificate of Independence executed by the Independent Directors, which is attached to the Definitive Information Statement.</p> <p><b>Definitive Information Statement:</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p>	
<p><b>Supplement to Recommendation 5.2</b></p>			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p><b>COMPLIANT</b></p>	<p>There are no such agreements and constraints. As reference, please see Article VII of the Company's By-Laws.</p> <p><b>By-Laws of Liberty Flour Mills, Inc.</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED_BY-LAWS.pdf">www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED_BY-LAWS.pdf</a></p>	
<p><b>Recommendation 5.3</b></p>			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p><b>NON-COMPLIANT</b></p>	<p>Please refer to the Organizational Disclosure of the 2021 Stockholder's Meeting made available at the PSE Edge and the Certificate of Independence executed by the Independent Directors, which is attached to the Definitive Information Statement.</p> <p><b>Definitive Information Statement:</b></p>	<p>Atty. Jose A. Feria and Arch. David Ng continued as the Company's independent directors for the year 2021 to 2022 based on the following justifications:</p> <p>One of the largest assets of the Corporation is its real property holdings. The COVID 19 pandemic has drastically affected the manner that business is conducted. Arch.</p>

		<p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE IS 2021.pdf</a></p> <p><b>Disclosure on the Results of the Organizational Meeting:</b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9</a></p>	<p>Ng. brings expertise that is invaluable to discussions regarding the appreciation of the Corporation's property holdings. His 35 years in the practice of Architecture, coupled with his business acumen, has provided him with knowledge that the Corporation deems as indispensable under these challenging times. His involvement spans engagement in projects that have carried out property development for commercial and residential structures, and he has overseen projects from the architectural, construction, fit outs, and renovations stages. The corporation believes that Arch. Ng's credentials and familiarity with the Corporation allow him to provide the Board with the expertise essential to the effective administration and, appreciation of a substantial portion of the Corporation's investment portfolio.</p>
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p><b>NON-COMPLIANT</b></p>	<p>Please refer to Securities Exchange Commission Memorandum Circular 04-2017.</p>	<p>The COVID-19 pandemic forced the Corporation to "pivot" and find ways to navigate, at breakneck speeds, the business landscape that it finds itself in. However, the Corporation recognizes that speed should not be the only consideration in terms of adapting changes. Change must be implemented and done in compliance with law. Atty. Feria's 44 years of</p>

			<p>experience in the field of law has given him undisputable knowledge and familiarity with the nuances of the law and its practice; he has repeatedly shown the acumen and ability to find the most efficient legal solutions. Additionally, Atty. Feria also possesses familiarity with the Corporation's operations, business, and values. The combination of his unparalleled experience, knowledge of legal particulars, and his intimate knowledge of the Corporation are factors that allow Atty. Feria to provide legal analysis and advice that only a lawyer intimately familiar with the Corporation can provide - which the Corporation deems Imperative for it to effectively "pivot" at the speed required.</p>
<p>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.</p>	<b>COMPLIANT</b>	<p>Please refer to page 11 of the attached Code of Corporate Governance.</p>	<p>In the 2021 Annual Stockholder's Meeting of the Company, among the matters approved by the stockholders was the extension of the term limits of the independent directors, which was included in the agenda item for the <i>Nomination and Election Directors</i>.</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>	<b>COMPLIANT</b>	<p>The Chairman of the Company is William Carlos Uy, while the President is Sandra Judy Uy. Please see the disclosure on the</p>	

		<p>results of the Organizational Meeting for reference.</p> <p><b>Disclosure on the Results of the Organizational Meeting:</b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=8f16b37fcb9e238e5d542af6f1e997b9</a></p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>COMPLIANT</b>	Please refer to RCG pages 9 to 10 for the responsibilities of the Chairman, and pages 34 to 35 for the responsibilities of the President.	
<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.	<b>COMPLAINT</b>	<p>Please refer to page 14 of the RCG which states:</p> <p><i>“In the event that the Chairman of the Board is not independent or the position of Chairman and President are held by the same person, the Board shall designate a Lead Independent Director.”</i></p>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<b>COMPLAINT</b>	Please refer to page 11 of the RCG.	

<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.	<b>COMPLIANT</b>	The NEDs meet on a quarterly basis, at the very least.	
2. The meetings are chaired by the lead independent director.	<b>COMPLIANT</b>		
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	<b>NON-COMPLIANT</b>	The Chairman of the Board is the Company's former President, William Uy.	The Company does not see any determination corporate governance effect to the Chairman being the former President of the Company. Furthermore, the Company values the inputs and insights of Mr. Uy.
<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.	<b>COMPLIANT</b>	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	
2. The Chairman conducts a self-assessment of his performance.	<b>COMPLIANT</b>		

3. The individual members conduct a self-assessment of their performance.	<b>COMPLIANT</b>	taken to meet targets, and also if the implemented strategies are effective in helping the Company reach their targets.	
4. Each committee conducts a self-assessment of its performance.	<b>COMPLIANT</b>		
5. Every three years, the assessments are supported by an external facilitator.	<b>NON-COMPLIANT</b>		<p>The Company does not see value or need to have assessments supported by an external facilitator. Especially that austerity is an important value given the circumstances that the Company is currently doing business in.</p> <p>Furthermore, the Company has decided that in budgeting matters relating to external facilitators, these are better spent on those that relate directly to the Company's operations.</p>
<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.	<b>COMPLIANT</b>	Please refer to pages 9 to 13 of the RCG the criteria for the Board and each individual director; and pages 15 to 24 for those of the committees.	
2. The system allows for a feedback mechanism from the shareholders.	<b>COMPLIANT</b>	The Company adopts an open-door policy where all shareholders are free to reach management. These are contained in the pages 44 to 46 of the RCG.	

**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**

<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 31 to 34 of the RCG.</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p><b>COMPLIANT</b></p>	<p>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>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p><b>COMPLIANT</b></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 website through the following link:</p> <p><b>Code of Corporate Governance:</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_Revised_Code_of_Corporate%20Governance_2019.pdf">http://www.libertygroup.com.ph/pdf/LFM_Revised_Code_of_Corporate%20Governance_2019.pdf</a></p>	

<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.	<b>COMPLIANT</b>	Please see pages 31-32 and 40 of the RCG.	
<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.	<b>COMPLIANT</b>	Please see pages 29 to 31 of the RCG.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>COMPLIANT</b>		
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
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.	<b>COMPLIANT</b>	<p>Please refer to pages 44 to 46 of the RCG.</p> <p>Additionally, the Company discloses to the on the Philippine Stock Exchange all relevant information that would be considered as material information. The Company's disclosures are available on the PSE Edge.</p> <p><b>Liberty Flour Mills, Inc. Company Disclosures</b> available at:</p> <p><a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227</a></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><b>COMPLIANT</b></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>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p> <p>Since the year 2019 the Company had stopped providing physical copies of all reports to the Stockholders. Rather, in</p>	

		<p>the information packet for the Annual Stockholders' Meeting QR codes are provided for the Definitive Information Statement and Annual Report. This measure was implemented in efforts to promote the sustainability objectives of the Company.</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><b>COMPLIANT</b></p>	<p>Please refer to the Annual Report and the Definitive Information Statement.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></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>	<b>COMPLIANT</b>	<p>Please refer to the Annual Report and the Definitive Information Statement. Furthermore, the particular details of related party transactions are discussed in the Company's Audited Financial Statements.</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 (3) business days.</p>	<b>COMPLIANT</b>	<p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p> <p>Please also see the <b>Material Related Transaction Policy</b> available at:</p>	

		<a href="http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf">http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf</a>	
<b>Supplement to Recommendation 8.2</b>			
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).	<b>COMPLIANT</b>	<p>Please refer to the PSE Disclosures through the following:</p> <p><b>Company Disclosures of Liberty Flour Mills, Inc.</b> are available at:</p> <p><a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227</a></p> <p>However, for the fiscal year of 2020 there have been no share buy backs by LFM.</p>	
<b>Recommendation 8.3</b>			
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.	<b>COMPLIANT</b>	<p>Please see the Management Report as well as the Annual Report for the disclosures on the relevant and material information on the Directors.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p>	

		<a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a>  The <b>Definitive Information Statement</b> is available through the following: <a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a>	
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.	<b>COMPLIANT</b>	In the event that there is a material event, this will be disclosed on the PSE Edge, in compliance with listing and disclosure rules.  <b>Company Disclosures of Liberty Flour Mills, Inc.</b> are available at:  <a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227</a>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	<b>COMPLIANT</b>	Please refer to page 22 RCG as well as the By Laws of LFM (Article II) available at:  <a href="http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED%20BY-LAWS.pdf">http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED%20BY-LAWS.pdf</a>	

<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><b>COMPLIANT</b></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>The <b>Definitive Information Statement</b> is available through the following:  <a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p> <p>Also, please see page 22 of the RCG and the By Laws of LFM</p> <p><b>By-Laws of Liberty Flour Mills, Inc.</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED%20BY-LAWS.pdf">http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED%20BY-LAWS.pdf</a></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>COMPLIANT</b></p>	<p>Please see the Management Report as well as the Annual Report of LFM where the remuneration of the Board and Senior Management are provided.</p>	

		<p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</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><b>COMPLIANT</b></p>	<p>The Company has a Material Related Transaction Policy, which is available as follows:</p> <p><b>Material Related Transaction Policy</b></p> <p><a href="http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf">http://www.libertygroup.com.ph/pdf/Related_Party_Transactions_Policy_2019.pdf</a></p>	

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p><b>COMPLIANT</b></p>	<p>Please see to the Annual Report, Definitive Information Statement, and Management Report previously filed with the Commission and disclosed and made available through the PSE Edge.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	
<p><b>Supplement to Recommendation 8.5</b></p>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p><b>COMPLIANT</b></p>	<p>The Directors are required to give notice to the Board regarding any possible interest in a transaction or any possible</p>	



		<p>conflict of interest. Such disclosure is then subject to further discussions during board meetings.</p> <p>1</p>	
<b>Optional : Recommendation 8.5</b>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p><b>COMPLIANT</b></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>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p>	

		<a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a>  Please see the MRPT available at: <a href="http://www.libertygroup.com.ph/pdf/RelatedPartyTransactionsPolicy2019.pdf">http://www.libertygroup.com.ph/pdf/RelatedPartyTransactionsPolicy2019.pdf</a>	
<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 viability or the interest of its shareholders and other stakeholders.	<b>COMPLIANT</b>	Please refer to the company disclosures on the PSE Edge.  <b>Company Disclosures of Liberty Flour Mills, Inc.</b> are available at:  <a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227</a>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	<b>COMPLIANT</b>	The Board ensures that due diligence is conducted before entering into transactions.  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.	
<b>Supplement to Recommendation 8.6</b>			

<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><b>COMPLIANT</b></p>	<p>Please refer to the company disclosures on the PSE Edge.</p> <p>For the year 2021, there were no shareholder agreements, voting trust agreements, confidentiality agreements of a nature that may impact control, ownership, and strategic direction of LFM.</p>	
<p><b>Recommendation 8.7</b></p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p><b>COMPLIANT</b></p>	<p>The Manual of Corporate Governance is made available through the following link:</p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	<p><b>COMPLIANT</b></p>	<p><b>Manual of Corporate Governance:</b></p>	
<p>3. Company's MCG is posted on its company website.</p>	<p><b>COMPLIANT</b></p>	<p><a href="http://www.libertygroup.com.ph/pdf/LFM_Manual_of_Corporate_Governance_2017.pdf">http://www.libertygroup.com.ph/pdf/LFM_Manual_of_Corporate_Governance_2017.pdf</a></p> <p>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.</p>	
<p><b>Supplement to Recommendation 8.7</b></p>			
<p>1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to the disclosures made on the PSE Edge.</p>	

		However, for the previous year, there were no changes that were made to the Code of Corporate Governance of the Company.	
<b>Optional: Principle 8</b>			
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	<b>COMPLIANT</b>	The <b>Annual Report</b> is available through the following:  <a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a>	
b. Financial performance indicators	<b>COMPLIANT</b>		
c. Non-financial performance indicators	<b>COMPLIANT</b>		
d. Dividend Policy	<b>COMPLIANT</b>		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	<b>COMPLIANT</b>		
f. Attendance details of each director in all directors meetings held during the year	<b>COMPLIANT</b>		
g. Total remuneration of each member of the board of directors	<b>COMPLIANT</b>		
2. The Annual Report contains a statement confirming the company's full compliance	<b>COMPLIANT</b>	Please refer to pages 23-26 of the RCG, and the Annual Report filed with this	

<p>with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>		<p>Commission and disclosed on the PSE EDGE.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</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>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 23-26 of the RCG, and the Annual Report filed with this Commission and disclosed on the PSE Edge.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 23-26 of the RCG, and the Annual Report filed with this</p>	

<p>on the adequacy of the company's internal controls/risk management systems.</p>		<p>Commission and disclosed on the PSE Edge.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	
<p>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).</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 23-26 of the RCG, and the Annual Report filed with this Commission and disclosed on the PSE Edge.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	
<p><b>Principle 9:</b> 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.</p>			

**Recommendation 9.1**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	<b>COMPLIANT</b>	Please refer to pages 15 to 18 of the RCG.  This is also indicated in LFM's Annual Report  The <b>Annual Report</b> is available through the following:  <a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a>	
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.	<b>COMPLIANT</b>	87.7% of the shareholders voted in favor and ratified the reappointment of SyCip Gorrrres Velayo and Co. as the Company's external auditors.	
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.	<b>COMPLIANT</b>	There has been no removal or replacement of the external auditor in the last three years. If the external auditor is replaced, the Company will comply with SEC MC No. 8, Series of 2013.	

**Supplement to Recommendation 9.1**

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to page 19 of the Annual Report.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	
<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee’s responsibility on:</p> <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> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<p><b>COMPLIANT</b></p>	<p>Please see pages 17 to 18 of the RCG.</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.	<b>COMPLIANT</b>	Please see pages 17 to 18 of the RCG.	
<b>Supplement to Recommendations 9.2</b>			
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.	<b>COMPLIANT</b>	Please see pages 17 to 18 of the RCG.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	<b>COMPLIANT</b>	Please see pages 17 to 18 of the RCG.	
<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.	<b>COMPLIANT</b>	There have been no non-audited services rendered by the Company's current external auditor.	
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.	<b>COMPLIANT</b>	There have been no non-audited services rendered by the Company's current external auditor.	
<b>Supplement to Recommendation 9.3</b>			

<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p><b>COMPLIANT</b></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>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	
<p><b>Additional Recommendation to Principle 9</b></p>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p><b>COMPLIANT</b></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><b>COMPLIANT</b></p>		

**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><b>COMPLIANT</b></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>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p><b>COMPLIANT</b></p>	<p>The company included in its Annual Report the Sustainability Report required by SEC Memorandum Circular No. 4 Series of 2019.</p> <p>Please see the Sustainability Report annexed to the annual report.</p> <p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p>	

		<a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a>	
<b>Principle 11:</b> 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.			
<b>Recommendation 11.1</b>			
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.	<b>COMPLIANT</b>	<p>Please refer to the disclosures made through the PSE Edge and the company website.</p> <p><b>Company Disclosures of Liberty Flour Mills, Inc.</b> are available at:</p> <p><a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=227</a></p> <p>The company website may be accessed at: <a href="http://www.libertygroups.com.ph">www.libertygroups.com.ph</a></p>	
<b>Supplemental to Principle 11</b>			
1. Company has a website disclosing up-to-date information on the following:		The company website may be accessed at: <a href="http://www.libertygroups.com.ph">www.libertygroups.com.ph</a>	
a. Financial statements/reports (latest quarterly)	<b>COMPLIANT</b>	<b>Financial statements/reports (latest quarterly)</b> available at:	
b. Materials provided in briefings to analysts and media	<b>COMPLIANT</b>	<a href="http://www.libertygroup.com.ph/secfilings.html">http://www.libertygroup.com.ph/secfilings.html</a>	

c. Downloadable annual report	<b>COMPLIANT</b>	<b>Materials provided in briefings to analysts and media</b>  <a href="http://www.libertygroup.com.ph/pressmaterials.html">http://www.libertygroup.com.ph/pressmaterials.html</a>	
d. Notice of ASM and/or SSM	<b>COMPLIANT</b>		
e. Minutes of ASM and/or SSM	<b>COMPLIANT</b>		
f. Company's Articles of Incorporation and By-Laws	<b>COMPLIANT</b>	<b>Downloadable annual report</b>  <a href="http://www.libertygroup.com.ph/secfilings.html">http://www.libertygroup.com.ph/secfilings.html</a>  <b>Notice of ASM and/or SSM</b>  <a href="http://www.libertygroup.com.ph/notice.html">http://www.libertygroup.com.ph/notice.html</a>  <b>Minutes of ASM and/or SSM</b>  <a href="http://www.libertygroup.com.ph/meetings.html">http://www.libertygroup.com.ph/meetings.html</a>  <b>Company's Articles of Incorporation</b>  <a href="http://www.libertygroup.com.ph/meetings.html">http://www.libertygroup.com.ph/meetings.html</a>  <b>Company's By-Laws</b>	

		<a href="http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED%20BY-LAWS.pdf">http://www.libertygroup.com.ph/pdf/articles/bylaws/2009_AMENDED%20BY-LAWS.pdf</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	<b>COMPLIANT</b>	The company website may be accessed at: <a href="http://www.libertygroups.com.ph">www.libertygroups.com.ph</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.	<b>COMPLIANT</b>	Please refer to pages 5, 15-16, 19, and 28 to 29 of the RCG.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	<b>COMPLIANT</b>	Please refer to pages 23 to 26 of the RCG which detail the major risks of the Corporation and how these are addressed.	
<b>Supplement to Recommendations 12.1</b>			
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.	<b>COMPLIANT</b>	Please refer to pages 29-31 of the RCG which require all directors, senior managements and employees to comply with law.	

<b>Optional: Recommendation 12.1</b>			
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.	<b>COMPLIANT</b>	An IT personnel is assigned to ensure that all online and electronic usage are protected and that the integrity of the same is intact. These services are contracted to a third party given the lack of organic expertise on the matter.	
<b>Recommendation 12.2</b>			
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.	<b>COMPLIANT</b>	The internal audit is done in-house.	
<b>Recommendation 12.3</b>			

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to pages 19 to 20 which appoints a Chief Auditor and an Internal Auditor. Their functions are as follows:</p> <p><u>Chief Auditor:</u></p> <ol style="list-style-type: none"> <li>1. Periodically reviews the internal audit plan and presents it to senior management and Audit Committee for approval;</li> <li>2. Establishes a risk-based internal audit plan, including policies and procedures to determine the priorities of the internal audit activity, consistent with the organization's goals;</li> </ol>	
<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><b>COMPLIANT</b></p>	<ol style="list-style-type: none"> <li>3. 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;</li> <li>4. Spearheads the performance of the internal audit activities' performance relative to its plan; and</li> </ol>	



		<p>5. Reports periodically to the Audit Committee and gives advice to the senior management and the Board on how to improve internal processes.</p> <p><u>Internal Auditor</u></p> <p>1. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of governance and control processes in (i) promoting the right values and ethics; (ii) ensuring effective performance management and accounting in the organization; (iii) communicating risk and control information; (iv) coordinating the activities and information among the Board, external and internal auditors, and Management;</p> <p>2. Performs regular and special audit as contained in the audit plan;</p>	
--	--	---	--

		<p>3. Performs consulting and advisory services related to governance and control as appropriate for the organization;</p> <p>4. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;</p> <p>5. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;</p> <p>6. Evaluates specific operations at the request of the Board or Management, as appropriate; and</p> <p>7. Monitors and evaluates governance processes.</p>	
<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned</p>	<p><b>COMPLIANT</b></p>	<p>Please see pages 19 to 20 of the RCG.</p> <p>However, the internal audit of the company is done in-house. If this</p>	

the responsibility for managing the fully outsourced internal audit activity.		function is outsourced, there are measures in place to ensure that this is complied with.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	<b>COMPLIANT</b>	Please see pages 21 to 24 of the RCG. This portion of the RCG deals with the establishment of a Risk Oversight Committee as well as the Risk Management Systems of the Corporation.	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	<b>COMPLIANT</b>	Generally, the initial appreciation and understanding of risk is carried out by the Risk Oversight Committee according to the Risk Management System and Framework of the Corporation. These may be found in pages 21 to 26 of the RCG.	
<b>Recommendation 12.5</b>			
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).	<b>NON-COMPLIANT</b>	Beginning the 2019 fiscal year, as a measure to avoid being top heavy, the Company has not appointed a Chief Risk Officer.	Instead of appointing a chief risk officer, the Company chose to make the Risk Oversight Committee carry more responsibilities, and pass on certain risk functions to other senior vice presidents of LFM.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	<b>NON-COMPLIANT</b>		

<b>Additional Recommendation to Principle 12</b>			
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.	<b>COMPLIANT</b>	Please refer to pages 18-19 and 34 - 36 of the RCG. These may also be seen in the Statement of Management's Responsibility for the Financial Statements that are submitted yearly with the audited financial statements, annual report, and definitive information statement of the Company.	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	<b>COMPLIANT</b>	Please refer to pages 36-38 of the attached RCG.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<b>COMPLIANT</b>	Please see the company website at: <a href="http://www.libertygroup.com.ph/">http://www.libertygroup.com.ph/</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	<b>COMPLIANT</b>	Please see page 36 of the attached RCG and the By-laws of the corporation which states:  <i>"Voting upon all questions at the meeting of stockholders shall be by share of stock and not per capita"</i>  Furthermore, in practice, each share is entitled to one vote.	

2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	<b>COMPLIANT</b>	Please refer to pages 36-39 of the attached RCG.	
3. Board has an effective, secure, and efficient voting system.	<b>COMPLIANT</b>	Please refer to pages 36-39 of the attached RCG.	
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.	<b>COMPLIANT</b>	Please refer to pages 36-39 of the attached RCG.	
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.	<b>COMPLIANT</b>	Please refer to pages 36-39 of the attached RCG.  Furthermore, the shareholders are allowed to call a meeting an accordance with the company’s by-laws.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	<b>COMPLIANT</b>	Please refer to pages 36-39 of the attached RCG.	
7. Company has a transparent and specific dividend policy.	<b>COMPLIANT</b>	Please see the Annual Report.  The <b>Annual Report</b> is available through the following:  <a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a>	

		<a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a>	
		<p>Furthermore, the dividends are all paid after declaration in accordance with the rules of the PSE.</p>	
<b>Optional: Recommendation 13.1</b>			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p><b>NON-COMPLIANT</b></p>	<p>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.</p>	<p>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.</p> <p>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.</p>
<b>Recommendation 13.2</b>			
<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>The agenda is made available to the public and shareholders through the PSE Edge and the release of the Definitive Information Statement.</p> <p>The <b>Definitive Information Statement</b> is available through the following:</p>	

		<a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a>	
<b>Supplemental to Recommendation 13.2</b>			
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)	<b>COMPLIANT</b>	<p>Please refer to the Information Statements filed with the Commission; and made available and disclosed through the Company's Website and on the PSE Edge.</p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	

		<p>The <b>Notice of the Annual Stockholders Meeting</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/NOTICE_OF_ANNUAL_OR_SPECIAL_STOCKHOLDERS_MEETING_2021.pdf">http://www.libertygroup.com.ph/pdf/NOTICE_OF_ANNUAL_OR_SPECIAL_STOCKHOLDERS_MEETING_2021.pdf</a></p>	
b. Auditors seeking appointment/re-appointment	<b>COMPLIANT</b>	<p>Please refer to the Information Statements filed with the Commission; and made available and disclosed through the Company's Website and on the PSE Edge.</p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	
c. Proxy documents	<b>COMPLIANT</b>	<p>Please refer to the Information Statements filed with the Commission; and made available and disclosed through the Company's Website and on the PSE Edge.</p>	



		<p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	
<b>Optional: Recommendation 13.2</b>			
<p>1. Company provides rationale for the agenda items for the annual stockholders meeting</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to the Information Statements filed with the Commission; and made available and disclosed though the PSE Edge.</p> <p>Please refer to the Information Statements filed with the Commission; and made available and disclosed though the Company's Website and on the PSE Edge.</p> <p>The <b>Definitive Information Statement</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf">http://www.libertygroup.com.ph/pdf/LFM_DEFINITIVE_IS_2021.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=b299b3ca9b5ad2725d542af6f1e997b9</a></p>	

Recommendation 13.3			
<p>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.</p>	<b>COMPLIANT</b>	<p>The results of the Annual and Special Shareholder's meeting are duly disclosed and made available through the PSE Edge immediately after the meeting.</p> <p><b>Results of the 2021 Annual Stockholders' Meeting</b> available at:</p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=2e5be9ebf388dc6a5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=2e5be9ebf388dc6a5d542af6f1e997b9</a></p>	
<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>	<b>COMPLIANT</b>	<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><a href="http://www.libertygroup.com.ph/meetings.html">http://www.libertygroup.com.ph/meetings.html</a></p>	
Supplement to Recommendation 13.3			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<b>COMPLIANT</b>	<p>The external auditor and officers are made to be present at the meetings to answer queries from the Shareholders.</p>	
Recommendation 13.4			

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.	<b>NON-COMPLIANT</b>	The Corporation does not have an alternate dispute mechanism administered by the Corporation to resolve intra-corporate matters.	The Corporation believes that it does not possess the necessary knowledge or expertise to facilitate and engage in formal dispute resolution. The proper parties to carry on these acts are those that are appropriately authorized and qualified by laws or regulations.  However, while a formal body is absent, the Corporation endeavors to act as a mediator and prefers amicable settlement to afford peace within the company and to be less of a burden to the judicial and quasi-judicial bodies of the government.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	<b>NON-COMPLIANT</b>		
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	<b>COMPLIANT</b>	The Company makes the Chairman and President available to the public for any questions, comments, or suggestions, further displaying the direct line which he can be contacted at.  William Carlos Uy or Sandra Judy Uy (632) 8925011	
2. IRO is present at every shareholder's meeting.	<b>COMPLIANT</b>	The IRO is present during the Shareholder's Meeting.	
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective	<b>COMPLIANT</b>	Please refer to page 37 of the RCG.	

management or the existing controlling shareholder group		In practice, shareholders are given the opportunity to recommend to the Corporation persons who they wish to be nominees to the Board of Directors. The Board of Directors, in turn, is the entity that appoints senior management.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	<b>COMPLIANT</b>	<p>Please see the relevant Public Ownership Report disclosures on the PSE Edge which show that the public float is at least 40%.</p> <p>The latest <b>Public Ownership Report</b> for the 2021 Compliance Period may be found through the following link:</p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=9d75f1501ec44e703470cea4b051ca8f">https://edge.pse.com.ph/openDiscViewer.do?edge_no=9d75f1501ec44e703470cea4b051ca8f</a></p>	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	<b>COMPLIANT</b>	<p>Please refer to pages 36-38 of the RCG.</p> <p>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.</p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	<b>COMPLIANT</b>	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.	<b>COMPLIANT</b>	Please refer to pages 38-41 of the attached RCG.	
---	------------------	--	--

**Recommendation 14.2**

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	<b>COMPLIANT</b>	Please refer to pages 38-41 of the attached RCG.	
---	------------------	--	--

**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.	<b>COMPLIANT</b>	Please refer to pages 38-41 of the attached RCG.	
--	------------------	--	--

**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.	<b>NON-COMPLIANT</b>	The Corporation does not have an alternate dispute mechanism administered by the Corporation to resolve differences with key stakeholders.	The Corporation believes that it does not possess the necessary knowledge or expertise to facilitate and engage in formal dispute resolution. The proper parties to carry on these acts are those that are appropriately authorized and qualified by laws or regulations.
--	----------------------	--	---

		However, the Corporation, as a rule, will always resort to Alternative Dispute Resolution.	However, while a formal body is absent, the Corporation endeavors to act as a mediator and prefers amicable settlement to afford peace within the company and to be less of a burden to the judicial and quasi-judicial bodies of the government.
<b>Additional Recommendations to Principle 14</b>			
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.	<b>COMPLIANT</b>	The Company has not sought exemption and remains compliant with the relevant laws, rules, and regulations.	
2. Company respects intellectual property rights.	<b>COMPLIANT</b>	The Company ensures that it, always, remains mindful of ensuring compliance with intellectual property rights of third parties.	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	<b>COMPLIANT</b>	Please see pages 38-39 of the RCG.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	<b>COMPLIANT</b>	Please see pages 39 of the RCG.	

**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.	<b>COMPLIANT</b>	Please refer to pages 40-41 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.	<b>COMPLIANT</b>	Please refer to pages 40-41 of the attached Code of Corporate Governance.	
2. Company has policies and practices on health, safety and welfare of its employees.	<b>COMPLIANT</b>	Please refer to pages 40-41 of the attached Code of Corporate Governance.	
3. Company has policies and practices on training and development of its employees.	<b>COMPLIANT</b>	Please refer to pages 40-41 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.	<b>COMPLIANT</b>	Please refer to page 31 of the RCG where LFM adopts a <i>zero-tolerance policy</i> for acts of bribery and corruption	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>COMPLIANT</b>	Generally, the means of dissemination of company policies and programs is through the release official internal memos to different departments of the Company. However, if a more in-depth discussion is needed, the relevant	

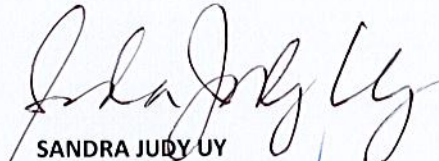
		Directors and officers meet with the concerned departments.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	Please refer to the Anti-Corruption Policy, found in page 32 of the RCG, which states:  <i>“Violations of this Policy shall be penalized with a one (1) year suspension without pay or outright termination and dismissal from LFM, without prejudice to the filing of the relevant criminal and/or administrative charges.”</i>	
<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	<b>COMPLIANT</b>	Please refer to page 33 of the RCG which provides the <i>Whistleblowing Policy</i> or the Corporation.  In sum this policy any whistleblower may	
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.	<b>COMPLIANT</b>	submit a written report to the Compliance Officer or the Lead Independent Director of any alleged grievance. The whistleblower may also request for a face-to-face meeting with	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	<b>COMPLIANT</b>	the Compliance Officer, Lead Independent Director, Audit Committee or Head Internal Auditor, at the whistleblower’s comfort and preference.	

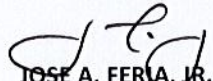


		Every report shall be acted promptly and expediently and in no case, unless the circumstances justify, shall any report be immediately discarded without the conduct of an investigation leading to a satisfactory conclusion that the acts being alleged did not take place. Furthermore, all reports made, and face-to-face meetings conducted shall be treated with the strictest confidence, and no disclosure shall be made except when deemed necessary by the Lead Independent Director.	
<b>Principle 16:</b> 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.			
<b>Recommendation 16.1</b>			
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.	<b>COMPLIANT</b>	Please see the Annual Report submitted to the Commission; and disclosed and made available through the PSE Edge and company website.	
<b>Optional: Principle 16</b>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	<b>COMPLIANT</b>	Please see the Annual Report submitted to the Commission; and disclosed and made available through the PSE Edge and company website.	

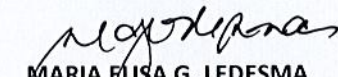
		<p>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p><b>COMPLIANT</b></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>The <b>Annual Report</b> is available through the following:</p> <p><a href="http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf">http://www.libertygroup.com.ph/pdf/LFM_17A%20ANNUAL_REPORT_2020.pdf</a></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=db6a4bd7cd3f6afd5d542af6f1e997b9</a></p>	

  
WILLIAM CARLOS UY  
Chairman

  
SANDRA JUDY UY  
President

  
JOSE A. FERIA, JR.  
Independent Director

  
DAVID NG  
Independent Director


  
MARIA ELISA G. LEDESMA  
Compliance Officer

  
VICENTE S. VARGAS  
Corporate Secretary

THIS DOCUMENT was personally subscribed and sworn to by the affiant before me this MAY 27 2022 day of May 2022 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
MARIA ELISA G. LEDESMA	TIN 134-319-308
JOSE A. FERIA, JR.	TIN 107-793-449
DAVID NG	TIN 119-867-317
VICENTE S. VARGAS	TIN 110-124-587

Doc No. 402 ;  
Page No. 82 ;  
Book No. V ;  
Series of 2022.

  
RAYMOND FRANCIS MARIA C. JAMORA  
NOTARY PUBLIC  
Notary Public for Makati City  
Appointment No. M-406  
Until December 31, 2020  
Notarial Commission extended until June 30, 2022  
further to BM No. 3795 issued by the Supreme Court  
Roll No. 62921  
IBP No. 171763-1.4.22-Iloilo  
PTR No. 8853225-1.3.2022- Makati  
8th Floor DPC Place  
2322 Chino Roces Avenue, Makati City