



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2023**
2. SEC Identification Number **0000048909** 3. BIR Tax Identification No. **000-628-958-000**
4. Exact name of issuer as specified in its charter **LORENZO SHIPPING CORPORATION**
5. **MANILA, PHILIPPINES** (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. **20th Floor, Times Plaza Bldg. UN Avenue, Ermita, Manila** **1000**
Address of principal office Postal Code
8. **(02) 8527-5555**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
General Statement			
<p>Lorenzo Shipping continuously strives to actively strengthen its corporate governance to allow us to achieve our vision and our mission that are incorporated in our overall sustainability goals. To achieve this, we have launched a campaign 2023 to rally all our stakeholders around our purpose, and to strengthen governance and best practices so they become part of our company values and culture. The Board and Management are committed to complying with our corporate governance principles as vital to achieving the impact and value we aim to give to our customers, our shareholders and society as a whole.</p>			
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
<p>1. Board is composed of 7 directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>LSC has seven accomplished directors, each possessing expertise in diverse fields that are highly pertinent to our company's industry. LSC's website provides detailed information about our esteemed directors. Moreover, the qualifications and professional experience of LSC's directors are likewise provided in the company's 2023 Annual Report. LSC Website 2023 LSC GIS</p> <p>LSC 2023 Annual Report</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant		
<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>	Compliant		
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	Compliant	<p>LSC Board has only one executive director, who also holds the position of President within the company.</p> <p>LSC 2023 General Information Sheet</p>	

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The Charter of the Board of Directors of LSC prescribes that all new directors of the company shall undergo orientation program on the Company's business and corporate structure, and other relevant matters essential for the performance of their duties and responsibilities. Moreover, they are also required to undergo annual training, and are encouraged to participate in continuing education programs to further their knowledge and remain abreast with the developments in the industry.</p> <p><i>LSC's Revised Corporate Governance Manual also specifically requires that first-time Directors must undergo 4-8 hours of orientation and at least four hours of continuing education annually.</i></p> <p>Attached as Annex A are the Certificates of Attendance of Directors to the Annual Corporate Governance Training in 2023.</p> <p>For reference, please see link below: <u>LSC Charter of the Board of Directors</u> <u>LSC Revised Corporate Governance Manual</u></p>	
2. Company has an orientation program for first time directors.	Compliant		
3. Company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	LSC aims to more dynamically fulfill its policy to achieve diversity. The Board Charter sets the standards for Board directors to ensure competency and diversity.	

		<p>Although LSC has one female out of seven directors (LSC's chairperson is a female), the company's Corporate Secretary, Compliance Officer, Chief Audit Executive, and Chief Risk Officer are females.</p> <p>For reference, please see link below: 2023 LSC GIS LSC Charter of the Board of Directors</p>	
Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	One of the Best Business Practices is a policy on inclusion and diversity. These are key result areas that are measured in the company's Monthly Operations Reports.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>LSC has a Corporate Secretary and Compliance Officer which are different individuals. Moreover, these officers are not members of the Board of Directors.</p> <p><i>Please refer to the company's latest General Information Sheet filed with the Securities and Exchange Commission as uploaded in the website:</i></p> <p>2023 LSC GIS</p> <p><i>Additionally, the duties and responsibilities of the Corporate Secretary are embodied in pp. 17-18 of</i></p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

		<p><i>the Revised Manual on Corporate Governance:</i></p> <p>2020 Revised Manual on Corporate Governance</p> <p><i>For the Corporate Secretary's profile, please see links below and p. 30 of the Company's 2023 annual report:</i></p> <p>LSC 2023 Annual Report LSC Company and Board Details</p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>Similar with the directors, the corporate secretary is required to attend annual trainings on Corporate Governance.</p> <p><i>Certificate of Attendance on Corporate Governance Training (available on other Disclosures to SEC, PSE and Other Pertinent Agencies)</i></p> <p>LSC Company Disclosures</p>	
Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>The Corporate Secretary diligently ensures the timely distribution of all necessary materials for board meetings, providing them at least five business days prior to the scheduled meeting. The notice of Annual Stockholders' Meeting and Organizational Board Meeting of LSC is published in its website for reference of advance distribution of materials.</p>	

Recommendation 1.6

1. Board is assisted by a Compliance Officer.	Compliant	<p>LSC’s Compliance Officer holds an equivalent position of Senior Vice President of the corporation and possesses the necessary stature and authority to effectively fulfill her role.</p> <p>Similar to the Board of Directors and officers of the company, the Compliance Officer is required to attend annual corporate governance training. Moreover, The compliance officer is encouraged to attend continuing education programs, and other training relevant to her role.</p> <p><i>The Compliance Officer’s Certificate of Attendance on Corporate Governance Training is attached as Annex “A”, and is also available on other Disclosures to SEC, PSE and Other Pertinent Agencies</i></p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=f1d2327c5c2d38cdabc a0fa0c5b4e4d0</p>
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	
3. Compliance Officer is not a member of the board.	Compliant	
4. Compliance Officer attends training/s on corporate governance.	Compliant	

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

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>Directors receive the Board Meeting Agenda well in advance of the scheduled board meeting, allowing them ample time to prepare and engage in meaningful discussions.</p>
2. Board oversees the development, review and approval of the company’s business objectives and strategy.	Compliant	

<p>3. Board oversees and monitors the implementation of the company's business objectives and strategy</p>	<p>Compliant</p>	<p>During these meetings, thorough review of financial and operational performance take place, alongside addressing any outstanding risk, audit, and related party matters. Progress reports on relevant matters are also presented to track their alignment with the company's strategic objectives.</p> <p>Furthermore, special meetings are promptly called to address significant issues and initiatives that require immediate attention. To ensure comprehensive documentation, all meetings, comments, and viewpoints are diligently recorded, and minutes are prepared and approved for accuracy and completeness.</p>	
Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>The Board has been introduced to the latest framework on sustainability, purpose, governance, best business practices, and strategic focus. This comprehensive framework highlights our commitment to these crucial areas.</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>Regular updates on projects aimed at achieving significant strides in sustainability and best business practices are consistently presented during every Board Meeting. These reports provide in-depth insights into the progress and outcomes of our sustainability initiatives.</p>	

		<i>Please see Exhibit B of the 2023 Annual Report for Reference:</i> <u>LSC 2023 Annual Report</u>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	The <i>Chairperson of the Board</i> is Ms. Doris Teresa M. Ho who has been involved in leadership positions in shipping and logistics for many years. <i>For her profile and qualification, please refer to the Company website and 2023 Annual Report:</i> <u>LSC Company and Board Details</u> <u>LSC 2023 Annual Report</u>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Page 15 of LSC's Revised Corporate Governance Manual states the policy regarding retirement, rotation, and succession of directors, key officers, and management personnel.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<i>Please see link for reference:</i> <u>2020 Revised Manual on Corporate Governance</u>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	LSC's Revised Corporate Governance Manual provides for the Remuneration Policy for directors and key officers, underscoring the significant role that effective remuneration policies play in attaining LSC's long-term objectives. It is worth noting that directors abstain from	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>participating in discussions pertaining to their own remuneration.</p> <p>Moreover, LSC's Remuneration Policy stipulates that remuneration must be aligned with performance metrics to ensure the delivery of high-quality work. This approach ensures that compensation is directly linked to individual and collective performance, promoting a culture of excellence within the organization.</p> <p><i>Please see links for reference:</i> 2020 Revised Manual on Corporate Governance LSC Remuneration Policy</p>	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Non-Compliant		The Company is actively developing a general policy to determine range of remuneration and increase in remuneration, which will be subject to the approval of the Board. This will also include the new performance system that will be built upon transparent and specific Key Performance Indicators (KPIs).
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.	Non-Compliant		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Prior to the Annual Stockholders meeting, the Nominations Committee determines and the Board approves the	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	nominations, which are then provided to all stockholders on record.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	The Company conducts an in-house assessment of Board effectiveness and plans to engage a third-party provider to conduct the assessment for 2023.	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	<i>Please see pp. 11-13 of the Revised Manual on Corporate Governance:</i> 2020 Revised Manual on Corporate Governance	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	<i>Please see also LSC's Corporate Governance Committee Charter</i> LSC Corporate Governance Committee Charter	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Non-Compliant		The Company has not yet encountered the need to engage a professional search company; however, it acknowledges the possibility of requiring their services in the future and will utilize them accordingly when the need arises.
Recommendation 2.7			

<p>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.</p>	<p>Compliant</p>	<p>LSC's Corporate Governance Manual includes a dedicated section addressing Related Party Transactions.</p> <p>The company has engaged Sycip Gorres Velayo & Co. (SGV) to conduct an audit to ensure the integrity of pricing for services provided by related parties.</p> <p>Moreover, in 2018, LSC adopted a Related Party Transactions Policy to enhance fairness and transparency in all related party transactions involving the Corporation, its joint ventures, subsidiaries, affiliates, and other relevant entities.</p> <p><i>Please refer to pp 22-24 of the Revised Manual on Corporate Governance:</i></p> <p>2020 Revised Manual on Corporate Governance LSC RPT Charter</p> <p>The list of transactions of LSC during the past 2 years to which it is a party is detailed in the company's 2023 Annual report. LSC 2023 Annual Report</p> <p><i>Please refer to Item VI p. 3 of LSC's Related Party Transactions Committee Charter:</i> LSC RPT Charter</p>	
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<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p>The Related Party Transactions Committee reviews and enforces strict parameters for material related party transactions to be recommended for Board approval. At the Board level, in addition to requiring a 2/3 vote, majority of the independent directors must approve.</p> <p><i>For reference, please see link below.</i></p> <p>LSC RPT Charter</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p>The MRPT Policy mandates a continuous evaluation of the relationships between and among entities to ensure the ongoing identification of related parties. RPTs are consistently monitored, and any changes are promptly recorded. These relationships are accurately reflected in the reports submitted to the Board and other relevant government agencies.</p> <p><i>For reference, please see link below.</i></p> <p>LSC MRPT Policy</p>	
<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</p>	<p>Compliant</p>	<p>LSC's MRPT Policy defines what related party transactions and material related party transactions are. Any related party transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the company's total assets, based on its latest Audited Financial Statement,</p>	

<p>purposes of applying the thresholds for disclosure and approval.</p>		<p>shall be considered as Material Related Party Transaction.</p> <p><i>For more information, please see pp 3-4 of the Material Related Party Transactions Policy.</i></p> <p>LSC MRPT Policy</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>Compliant</p>	<p>All individual MRPT's shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</p> <p>Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.</p> <p><i>All RPT transactions shall be subject to confirmation or ratification by Stockholders representing majority of the outstanding capital stock in any stockholders' meeting duly called for the purpose.</i></p>	
<p>3. Recommendation 2.8</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>Compliant</p>	<p>The Board is very involved in the assessment and selection of the CEO, CFO as well as other officers, namely the Chief Risk Officer, the Chief Compliance Officer and the Chief Audit Executive. Part of the duties and responsibilities of the board is to set standards in the selection and hiring of Corporate Officers, giving due consideration to integrity, technical expertise, and experience.</p> <p>Moreover, the recommendation by the CEO on any organizational changes in key management positions is also evaluated and approved by the Board.</p> <p><i>Please refer to p.4-8 of the LSC Revised Manual on Corporate Governance as found in the link below:</i></p> <p>2020 Revised Manual on Corporate Governance</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>Non-Compliant</p>		<p>Currently, assessments of Performance of Management have been conducted annually through self-assessment performance evaluation. Nevertheless, the Board will establish a new Performance Evaluation System which will include Board evaluations of the CEO and heads of other control functions.</p> <p><i>Please refer to p.4-8 of the LSC Revised Manual on Corporate Governance as found in the link below:</i></p>

			2020 Revised Manual on Corporate Governance <i>Additionally, please refer to LSC Policy and Procedures on Performance Assessment: LSC Performance Evaluation Policies and Procedure for Performance Assessment</i>
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that <u>Management's performance</u> is at par with the standards set by the Board and Senior Management.	Compliant	LSC has been using a Performance Management System which will be changed with a new and updated Performance Management System in 2024.	
2. Board establishes an effective performance management framework that ensures that <u>personnel's performance</u> is at par with the standards set by the Board and Senior Management.	Compliant	<i>Please refer to LSC Policy and Procedures on Performance Assessment:</i> <u>LSC Performance Evaluation Policies and Procedure for Performance Assessment</u> <i>For personnel's performance, the Corporation's Human Resource Department is tasked to evaluate personnel's performance.</i>	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Board Audit Committee is consistently engaged with LSC's internal audit team, which focuses on assessing and addressing financial, operational, legal, governance risks, including conflicts of interest.	
2. The internal control system includes a mechanism for monitoring and managing	Compliant		

<p>potential conflict of interest of the Management, members and shareholders.</p>		<p><i>For reference, please refer to pp. 4-8 and LSC Revised Manual on Corporate Governance and LSC's Policy on Conflict of Interest:</i> 2020 Revised Manual on Corporate Governance LSC Conflict of Interest Policy</p> <p>The Board approved the Audit Committee Charter which likewise includes the functions/roles and reviews of the Internal Audit team.</p> <p><i>For more information, please refer to the link below:</i></p> <p>LSC Audit Committee Charter</p>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>The Board reviews and approves any policy or charter being issued by the company, including the Internal Audit Charter.</p> <p><i>For more information, please refer to the link below:</i></p> <p>LSC Audit Committee Charter</p>	
<p>Recommendation 2.11</p>			
<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>LSC's Risk Oversight Committee (ROC) was established to ensure strict monitoring and managing of key business risks and exposure. The primary responsibility of ROC is to review risks identified by Management, in collaboration with inputs from Internal</p>	
<p>2. The risk management framework guides the board in identifying units/business lines</p>	<p>Compliant</p>		

<p>and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>		<p>Audit. Based on their findings, ROC develops the Risk Management Template, which is subsequently reported to the Committee and the Board.</p> <p><i>For reference, please see LSC's Board Risk Oversight Committee Charter:</i></p> <p>For the ROC's duties and responsibilities, please see links below: LSC Board Risk Oversight Committee Charter 2020 Revised Manual on Corporate Governance</p>	
<p>Recommendation 2.12</p>			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>Compliant</p>	<p>The Board Charter of LSC outlines and defines the roles, responsibilities, and accountabilities of its Directors. Furthermore, the Board Charter establishes limitations and prohibitions for the Board in the execution of their duties.</p> <p><i>Please see the link below where the Board Charter of LSC is disclosed:</i> LSC Charter of the Board of Directors</p>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p>		
<p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>Compliant</p>		
<p>Additional Recommendation to Principle 2</p>			
<p>1. Board has a clear insider trading policy.</p>	<p>Compliant</p>	<p>LSC has implemented its Insider Trading Policy which is published on the Company's Website.</p> <p><i>LSC's insider trading policy can be found in the link below:</i> LSC Insider Trading Policy</p>	

Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Non-Compliant		The Board is currently in the process of discussing the possibility of formulating policies to address this matter.
2. Company discloses the types of decision requiring board of directors' approval.	Non-Compliant		Disclosure rules on this matter will be discussed and reviewed by the Board so that the corresponding disclosures can be made accordingly.
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>LSC has the following Committees that seriously discharge their responsibilities:</p> <ul style="list-style-type: none"> • Executive Committee • Audit Committee • Corporate Governance Committee • Risk Oversight Committee • Related Party Transactions Committee <p>LSC's By-Laws provides for the power of the Board to create various committees necessary and advisable for the conduct and operation of the affairs of the Corporation and prescribe their respective powers and duties.</p> <p><i>For reference, please refer to the link below:</i> LSC Board Committees</p>	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the	Compliant	LSC has an active and engaged Audit Committee composed of four (4)	

<p>company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>		<p>members and one (1) Chairman which are non-executive directors. The members of the audit committee are required to have an, at least, adequate understanding or competence of the Corporation's financial management systems and environment, including areas of accounting, finance and audit.</p> <p><i>For the members' qualifications, please see link below and the 2023 Annual Report:</i></p> <p><u>LSC 2023 Annual Report</u></p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>There are three members of the Audit Committee who are independent directors:</p> <ul style="list-style-type: none"> ▪ Mr. Deogracias N. Vistan (ID) – Chairman ▪ Mr. Rene J. Buenaventura (ID) – Member ▪ Mr. Virgilio Peña (ID) – Member ▪ Mr. Antony Louis Marden (D) – Member ▪ Mr. Michael Escaler (D) - Member <p><i>Please see Audit Committee members' profile as uploaded in the website and provided in the 2023 Annual Report:</i></p> <p><u>LSC Company and Board Details</u> <u>LSC 2023 Annual Report</u></p>	
<p>3. All the members of the committee have relevant background, knowledge, skills,</p>	<p>Compliant</p>	<p>All committee members possess a pertinent background, extensive</p>	

<p>and/or experience in the areas of accounting, auditing and finance.</p>		<p>knowledge, and substantial experience in the fields of finance and accounting. Notably, two committee members have previously served as Presidents of Financial Institutions, further contributing to their expertise in this domain. While the other three members have been or are CEOs of their respective companies.</p> <p><i>Please see 2023 Annual Report of LSC: <u>LSC 2023 Annual Report</u></i></p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The Audit Committee Chair, Mr. Deogracias N. Vistan, does not hold the position of Chairman of the Board or Chairman of any other committee.</p> <p><i>Please see the Members of the Board Committees of LSC: <u>LSC Board Committees</u></i></p>	
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>The Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>The Board adopted this policy recommendation by the Corporate Governance Committee to conduct regular meetings with the external auditor without anyone from the management present at least once a year or whenever needed.</p>	

		Please see page 19 of LSC's revised Corporate Governance Manual: 2020 Revised Manual on Corporate Governance	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Non-Compliant		The Audit Committee met 3 times in 2023 prior to the Board meetings
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	The Company Governance Manual states that the Audit committee recommends the appointment and removal of the internal audit head/Chief Audit Executive. Please see the link below: 2020 Revised Manual on Corporate Governance	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	LSC has an active and engaged Corporate Governance Committee composed of directors. The Committee is primarily tasked to ensure compliance and proper observance of corporate governance principles. <i>Please see links below for reference:</i> 2020 Revised Manual on Corporate Governance LSC 2023 Annual Report	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	The Corporate Governance Committee is composed of 3 Independent Directors and 2 non-executive directors:	

		<p>Mr. Rene J. Buenaventura (ID) – Chairman Mr. Deogracias N. Vistan (ID) – Member Mr. Virgilio L. Peña (ID) - Member Mr. Antony Louis Marden (D) – Member Mr. Michael L. Escaler (D) – Member</p> <p>For the members’ qualifications, please see 2023 Annual Report.</p> <p>LSC 2023 Annual Report</p>	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p><i>The Chairman of the Corporate Governance Committee is Mr. Rene J. Buenaventura – an Independent Director.</i></p> <p><i>For reference, please see his profile below under the Board of Directors and in the 2023 Annual Report:</i></p> <p>LSC WebsiteLSC 2023 Annual Report</p>	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	The Corporate Governance Committee met 3 times in 2023.	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company’s Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>LSC has an active and engaged Risk Oversight Committee. The Committee’s primary responsibility is to oversee the company’s enterprise risk management system and assist the Board in ensuring that there is an effective and integrated risk management process in place.</p> <p><i>Please see links for reference:</i> LSC Board Committees LSC 2023 Annual Report</p>	

<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Compliant</p>	<p>The Board Risk Oversight Committee is composed of 3 Independent Directors and 2 Directors:</p> <p>Mr. Rene J. Buenaventura (ID) – Chairman Mr. Deogracias N. Vistan (ID) – Member Mr. Virgilio L. Peña (ID) - Member Mr. Antony Louis Marden (D) – Member Mr. Michael L. Escaler (D) – Member</p> <p>For the members’ qualifications, please see the 2023 Annual Report: LSC 2023 Annual Report</p>	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Non-Compliant</p>		<p>The Chairman of the Board Risk Oversight Committee is also the Chairman of the Corporate Governance Committee.</p>
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>All members of the Committee have either served as CEOs or have held executive positions in financial institutions and multinational corporations. Their extensive experience and leadership roles in these organizations bring valuable expertise in terms of risk management.</p> <p>For the members’ qualifications, including background, skills, and/or experience, please see the 2023 Annual Report: LSC 2023Annual Report</p>	
<p>Recommendation 3.5</p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is</p>	<p>Compliant</p>	<p>LSC has an active and engaged Related Party Transactions Committee. The Committee is responsible in reviewing all</p>	

<p>tasked with reviewing all material related party transactions of the company.</p>		<p>material related party transactions of the company.</p> <p><i>Below is the link for the Board Committee Members of LSC:</i> <u>LSC Board Committees</u></p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>The Related Party Transactions Committee is composed of 3 Independent Directors and 2 Directors Chairman: Mr. Virgilio L Pena (ID) Members: Mr. Deogracias N. Vistan (ID) Mr. Rene J. Buenaventura (ID) Mr. Antony Louis Marden Mr. Michael L. Escaler</p> <p>For the members' profile and qualifications, please see LSC's Annual Report: <u>LSC 2023 Annual Report</u></p>	
<p>Recommendation 3.6</p>			
<p>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.</p>	<p>Compliant</p>	<p>Each Committee within the Corporation operates under its own charter, which sets forth the specific guidelines and governance principles for that Committee.</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>	<p>Please see the following links of the committee charters for reference: <u>LSC Audit Committee Charter</u></p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Compliant</p>		

		LSC Corporate Governance Committee Charter LSC RPT Charter BRO Committee Charter <i>Please see link below under Board Committees:</i> 2020 Revised Manual on Corporate Governance	
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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 4.14.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The Directors have been diligent in attending the Board Meetings with an average of 97.957% percent attendance to the Meetings.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>The minutes of Board and Committee Meetings are distributed to Board members at least two (2) days prior to the scheduled meeting. The members are given the chance to review the minutes, propose amendments if necessary, discuss any arising matters, and ultimately approve the minutes during the meeting.</p> <p><i>Minutes are available upon request. Minutes of the ASM are uploaded and found in the link below:</i></p> <p>LSC Company Disclosures</p>	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>The structure of the Board Meeting facilitates active engagement, discussion, and evaluations by providing an opportunity for each director to actively participate and contribute their insights.</p> <p><i>Minutes are available upon request. Minutes of the ASM are uploaded and found in the link below:</i></p> <p><u>LSC Company Disclosures</u></p>	
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>The Charter of the Board of Directors of LSC prescribes that Independent Directors hold no more than 5 board seats in publicly-listed companies, while executive directors shall hold no more than 2 board seats in listed companies outside the Magsaysay Group of Companies.</p> <p><i>Please see page 2 of the Charter of the Board of Directors through the link below:</i></p> <p><u>LSC Charter of the Board of Directors 2020 Revised Manual on Corporate Governance</u></p>	
<p>Recommendation 4.3</p>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>As per the LSC Board of Directors Charter, directors are required to submit a written notification to the Board prior to accepting any additional directorship.</p>	

		<p><i>Please see page 4 of the Charter of the Board of Directors of LSC and page 12 of the Corporate Governance Manual:</i></p> <p><u>LSC Charter of the Board of Directors 2020 Revised Manual on Corporate Governance</u></p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	The executive director exclusively serves on the LSC Board and does not hold any affiliations or connections with any other publicly-listed company.	
2. Company schedules board of directors' meetings before the start of the financial year.	Non-Compliant		The Board Meeting Schedules were not planned and established at the beginning of the financial year in 2023. However, the schedule for the next meeting is determined and set during each current meeting.
3. Board of directors meet at least six times during the year.	Compliant	The Board of Directors met seven (7) times in 2023.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-Compliant		The quorum required is only a majority for board decisions. Nonetheless, the Board strives to discuss issues at length and usually achieves a unanimous decision on board resolutions.
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.	Compliant	LSC has three (3) independent directors out of a total of seven (7) members on its board.	
		<u>2023 LSC GIS</u>	

Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	For the Board members' qualifications, please see the company's 2023 Annual Report: <u>LSC 2023 Annual Report</u>	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	There are no agreements between any Director and the shareholders that may constrain independent decision and vote. <u>LSC 2023 Annual Report</u>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Non-Compliant		LSC's policy on term limits for its independent directors is found on p. 5 of the Revised Manual on Corporate Governance and p. 2 of the LSC's Board Charter. Currently, LSC has one independent director who exceeded the 9-year term limit from 2012. However, the justification for his extension was explained in the company's Information Statement, and the Stockholders approved his election as independent director beyond the 9-year term limit. <u>2020 Revised Manual on Corporate Governance</u> <u>LSC Charter of the Board of Directors</u>

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Non-Compliant	LSC provides for the 9-year term limit and exception to the term limit of independent directors in its <i>Amended Manual on Corporate Governance</i> and <i>Charter of the Board of Directors</i> .	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>In the event that an exception to the 9-year limit is needed, meritorious justification must be provided, which shall need the approval of the Stockholders during the Annual Stockholders' Meeting.</p> <p><u>2020 Revised Manual on Corporate Governance</u> <u>LSC Charter of the Board of Directors</u></p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p>The position of the Chairman of the Board and Chief Executive Officer are held by two separate individuals:</p> <p>LSC's Chairman, Doris Magsaysay Ho, and the company's President/CEO, Reynold John B. Madamba, are not related.</p> <p><i>Chairman and CEO/President are not related to each other and such positions are held by separate individuals.</i></p> <p>2023 LSC GIS</p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The Chairman's roles and responsibilities are defined on p. 15-16 of the Amended Manual on Corporate	

		<p>Governance and p. 7 of the Charter of the Board of Directors.</p> <p>Currently, the company has no Chief Executive Officer.</p> <p><u>LSC 2017 Manual on Corporate Governance</u></p> <p><u>LSC Charter of the Board of Directors</u></p> <p><u>LSC 2014 AOI and By-Laws</u></p>	
Recommendation 5.5			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	Compliant	<p>The current Chairman of the Board, Ms. Doris Magsaysay Ho is not an Independent Director.</p> <p>Mr. Deogracias N. Vistan is the Company's current Lead Independent Director.</p> <p>For their profiles, please refer to the link below and the 2023 Annual Report.</p> <p><u>LSC Website</u><u>LSC 2023 Annual Report</u></p> <p>For the lead independent director's roles and responsibilities, please refer to p. 26 of the 2017 Amended Manual on Corporate Governance.</p> <p><u>LSC 2017 Manual on Corporate Governance</u></p>	
Recommendation 5.6			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	Compliant	<p>Each director is required to disclose any conflict of interest upon being elected or as such, and annually, thereafter. They are required to submit the Conflict</p>	

		<p>Disclosure Form every January of the year, and they are bound to comply with the Company's Conflict of Interest Policy.</p> <p>Under LSC's Conflict of Interest Policy, it is the conflicted director's responsibility to not participate in transactions in which he/she is a conflicted party and he/she shall abstain from voting on such issues.</p> <p>Executive directors abstain from discussions and deliberations when required.</p> <p><i>For reference, please see LSC's Conflict of Interest Policy:</i> <u>LSC Conflict of Interest Policy</u></p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	In the year 2023, Committee meetings were conducted before the Regular Board meetings, and they were chaired and led by non-executive directors (NEDs).	
2. The meetings are chaired by the lead independent director.	Compliant	For further details, minutes of periodic meetings shall be available upon request.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	None of the directors is a former CEO of the company.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			

Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	A Directors self-assessment was done internally by the Corporate Secretary. A summary of the results of the Self-Assessments of the Chairman, individual members and committee members are available upon request through LSC's Compliance Officer.	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		LSC will engage the services of an external facilitator to assess the board's performance.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	LSC has set out the procedure and criteria in determining the performance of the Board, Committees, Individual Directors and President in its Performance Evaluation Policies and Procedure. Additionally, the self-assessment evaluations of the Directors are published in the Company's website. The 2017 Amended Manual on Corporate Governance mandates the Board to determine performance of the Board, Individual Directors, and Committees through self-assessment performance review. please refer to LSC's Policy and Procedures on Board Performance Assessment found in the link below:	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		

		<p><u>LSC Performance Evaluation Policies and Procedure for Performance Assessment</u></p> <p>The Investor Relations Officer of LSC is tasked to receive feedbacks, complaints and queries from Shareholders.</p> <p><i>For further information, please see link below:</i> <u>LSC Investor Relations</u></p>	
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Company Code of Conduct and Ethics serves as a vital guide and is disseminated to Directors, Officers, Employees, and even suppliers. Copies of the Code can be found on the company's website, and key messages are prominently displayed on Company walls, reinforcing its importance.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant		Moreover, the company is in the process of revising its Code of Business Conduct and Ethics to provide enhanced guidance to stakeholders and ensure its alignment with the evolving changes in the industry. This updated version will be better equipped to address the emerging needs and challenges faced by the company and its stakeholders.

		<p>Employees are required to undergo an orientation at onboarding and annually.</p> <p>Employees are required to sign: -Conflict of Interest document -Non- Disclosure and Confidentiality Agreement -Data Consent Form And others</p> <p>Suppliers are required to register with Dun and Bradstreet and to sign: -Conflict of Interest document -Supplier Disclosure Agreement which also states the non-payment of commissions -Data Privacy Act Compliance</p> <p>The Company has Town halls to discuss some of the important policies in-depth: -Town Hall on Values -Town Hall on Sexual Harassment</p> <p>LSC Code of Business Conduct and Ethics</p>	
<p>Supplement to Recommendation 7.1</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>LSC's Anti-Bribery and Anti-Corruption Policy lays down the procedure on reporting of incidents of bribery or corruption, process of investigation, and as well as the corresponding penalties when found guilty of bribery or corruption.</p>	

		<p>The company proactively takes measures to prevent bribery and corruption by prominently displaying materials within its officer premises that emphasize the prohibition on facilitation and fixing. These materials serve as a constant reminder to employees and stakeholders about the company's zero-tolerance policy towards such unethical practices.</p> <p><i>Please see LSC's Anti-Bribery and Anti-Corruption Policy for reference:</i> <u>LSC Anti-Bribery and Anti-Corruption Policy</u></p>	
Recommendation 7.2			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Compliant</p>	<p>The Company policy to ensure compliance with and penalize infringements to the Code of Ethics is well known to Officers and employees.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>	<p>The Company has an institutionalized and fair process to investigate alleged wrongdoings. LSC's Code of Business Conduct and Ethics is applicable to its Board, Officers, Management and Employees through Committees made up of the HR, Legal Departments with participation from employees.</p> <p>The Company has not hesitated to pursue legal action against proven erring individuals and/or has made swift decisions to fire others, provided that due process and other requirements of</p>	

		<p>law, as well as rules and regulations, are complied with. These are reported to the Board.</p> <p><i>For reference, please see pp.3-4 of the LSC's Code of Business Conduct and Ethics:</i></p> <p><u>LSC Code of Business Conduct and Ethics</u></p>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	Compliant	<p>The Compliance Officer and Management of the Company diligently adhere to disclosure policies and procedures, ensuring the timely distribution and availability of reports to shareholders and other stockholders. These reports are made accessible through platforms such as PSE Edge and the official LSC website, providing transparency and easy access to pertinent information for stakeholders.</p> <p><i>Please see LSC's Corporate Disclosure Policy in the link below:</i></p> <p><u>LSC General Disclosure Policy</u></p> <p><i>For additional information, please see pp. 46-47 of the 2017 Manual on Corporate Governance and p. 31 of the Revised Manual on Corporate Governance.</i></p>	

		<u>LSC 2017 Manual on Corporate Governance</u> <u>2020 Revised Manual on Corporate Governance</u>	
Supplement to Recommendations 8.1			
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.	Non-Compliant		LSC was unable to publish the consolidated financial statements within the required ninety (90) days from the end of the calendar year. However, the statements were disclosed to stakeholders as soon as they became available, which occurred a few weeks after the deadline and within the period prescribed by the Securities and Exchange Commission. <i>For reference, please see link below:</i> <u>LSC 2023 Annual Report</u>
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.	Compliant	The company's controlling shareholders, their shareholdings, and the risks associated with their identity/ies are disclosed in the company's Annual Report. <i>For reference, please see the company's 2023 Annual report through the link below:</i> <u>LSC 2023 Annual Report</u>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The LSC Board Charter requires directors to disclose dealings related to company's shares within three (3) days.	
2. Company has a policy requiring all officers to disclose/report to the company any	Compliant	<i>For reference, please see p. 2 of the link below:</i>	

<p>dealings in the company's shares within three business days.</p>		<p><u>LSC Charter of the Board of Directors</u></p> <p>The LSC Insider Trading Policy requires all Directors and Officer to disclose all their dealings involving company's share within three (3) business days from the transaction.</p> <p><i>For reference, please see link below:</i> <u>LSC Insider Trading Policy</u> <i>For year 2023, no actual dealings of directors involving corporation's shares were recorded.</i></p>	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	Compliant	<p>Directors and Officers are aware that any investment in LSC shares should be disclosed. Any trades are required to be disclosed and reported in the PSE edge by the Corporate Secretary.</p> <p>LSC regularly tracks and discloses the shareholdings of directors, management and top 100 shareholders through the assistance of its Stock Transfer Agent.</p> <p><i>LSC's shareholders can be found in LSC's website and monthly disclosures in PSE Edge Portal.</i></p> <p><u>LSC Website</u><u>LSC Conglomerate Map</u> <u>LSC Shareholding Structure</u> <u>LSC PSE Edge Disclosures</u></p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board</p>	Compliant	<p>The qualifications of LSC's board members and officers are published in</p>	

members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.		the company's website, and regularly updated through the company's information statement, and Annual Report. Moreover, their certificate of attendance on the mandated annual Corporate Governance Trainings are disclosed through PSE Edge and uploaded in the company's website.	
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.	Compliant	<i>Please see the links below for reference:</i> LSC 2023 Annual Report LSC Company Disclosures	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<i>The company policy and practice for setting board remuneration can be found in pp. 14-15 of the 2017 Amended Manual on Corporate Governance.</i> LSC 2017 Manual on Corporate Governance LSC Remuneration Policy	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Non-Compliant		LSC discloses remuneration on an aggregate basis and not on individual basis due to privacy and protection of directors and officers.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		The same shall be, nonetheless, available upon request and consent of the subject director or officer. <i>For reference, please see LSC's 2023 Annual Report:</i> LSC 2023 Annual Report
Recommendation 8.5			

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>LSC has a policy governing Related Party Transactions and discloses the same to include:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p><i>For summary of RPTs, please refer to the 2023 Annual Report:</i></p> <p><u>LSC 2023 Annual Report</u><u>LSC MRPT Policy</u></p>	
Supplement to Recommendation 8.5			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>Directors are required to disclose any interests they may have in LSC upon their respective elections or re-elections.</p> <p>Each director, upon election or thereafter, is required annually to sign a Conflict of Interest Disclosure Form – specifically every January of each year.</p>	

		<i>Please see LSC Conflict of Interest Policy for Reference: LSC Conflict of Interest Policy</i>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	LSC's material Related Party Transactions Policy aims to ensure that every related party transaction (RPT) and material related party transaction (MRPT) of the company is at arm's length and risks associated with these transactions are properly reviewed. Please see LSC's Material Related Party Transactions Policy through the link below: LSC MRPT Policy	
Recommendation 8.6			
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.	Compliant	In 2023, no asset of significance was acquired or disposed, thus not requiring disclosure nor appointment of independent party to evaluate the fairness of the transaction price involved. LSC's Corporate Secretary and Compliance sees to it that all material facts or events are disclosed immediately to the SEC and PSE.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant		
Supplement to Recommendation 8.6			
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	Compliant	<i>Please see Items 11-12 of the 2023 Annual Report:</i> LSC 2023 Annual Report	

control, ownership, and strategic direction of the company.			
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<i>The LSC Amended Manual on Corporate Governance was submitted to the SEC on May 31, 2017 and reported to the PSE on the same date.</i>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	<u>LSC 2017 Manual on Corporate Governance</u>	
3. Company's MCG is posted on its company website.	Compliant	<i>For the Revised Manual, kindly refer to the link below submitted on July 13, 2020.</i> <u>2020 Revised Manual on Corporate Governance</u>	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The Company has submitted its 2020 Revised MCG to the SEC and PSE.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Please see LSC' Annual Report which contains the following:	
a. Corporate Objectives	Compliant	1. Corporate Objectives	
b. Financial performance indicators	Compliant	2. Financial and Non-Financial Performance Indicators	
c. Non-financial performance indicators	Compliant	3. Details of Directors and Executive Officers	
d. Dividend Policy	Non-Compliant	4. Attendance Details	
		5. Aggregate remuneration of the Board	
		6. Compliance with Code of Corporate Governance	The Dividend Policy of the Corporation is disclosed in the Corporation's By-Laws. <u>LSC 2014 AOI and By-Laws</u> . It will be disclosed in the 2023 Annual Report.

		7. Sustainability Report <u>LSC 2023 Annual Report</u>	Nevertheless, the company includes a report on dividend declaration in its annual report. <u>LSC 2023 Annual Report</u>
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors' meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Non-Compliant		The Annual Report merely discloses total aggregate remuneration of all members due to privacy reasons. However, the same may be disclosed upon request.
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant		
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.	Non-Compliant		There is no statement to such effect in the Annual Report but the Board of Directors always conducts stringent reviews of all material controls and risk management systems in its regular board meetings and committee meetings. <u>LSC 2023 Annual Report</u> t
4. The Annual Report/Annual CG Report contains a statement from the board of	Non-Compliant		There is no statement to such effect in the Annual Report but the members of the

directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			Audit Committee always review the adequacy of the company's internal control/risk management system as reflected in its Audit Committee meeting reports which shall be made available upon request. LSC 2023 Annual Report
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	Part of LSC's sustainability report is the identification of key risks the company is materially exposed to and its strategies and project to address these risks. Please see Exhibit B of the Annual Report LSC 2023 Annual Report	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Audit Committee recommends the External auditor which have in turn been approved by the Board.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	The shareholders of LSC ratified the reappointment of SGV as external auditors. <i>Please see attached minutes of the 2023 Annual Stockholders' Meeting of the company:</i> LSC 2023 Stockholders' Meeting	

<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p> <p>Supplement to Recommendation 9.1</p>	<p>Compliant</p>	<p>Not Applicable. <i>There were no incidents in the past concerning removal of external auditors.</i></p>	
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>This policy has been followed and the lead audit partner has been rotated.</p> <p><i>Please see pp. 36 (e) of the 2017 Manual on Corporate Governance:</i> <u>LSC 2017 Manual on Corporate Governance</u></p>	
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>Compliant</p>	<p>The duties responsibilities of the Audit Committee is embodied in item no. 5 of the Audit Committee Charter.</p> <p><u>LSC Audit Committee Charter</u></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's</p>	<p>Compliant</p>		

suitability and effectiveness on an annual basis.			
Supplement to Recommendations 9.2			
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.	Compliant	The Audit Committee Charter provides the Audit Committee with the authority to engage with the external auditor to demand the highest levels of understanding of the business and controls	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<i>Please refer to Item (s) to (x) in the link below:</i> <u>LSC Audit Committee Charter</u>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	The Audit Committee is given the power to review and determine the non-audit work, if any, of the 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.	Compliant	<i>For more information, please see link below:</i> <u>LSC Audit Committee Charter</u>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Provide information on audit and non-audit fees paid. <i>The non-audit fees are less than 20% of the total audit fees paid to LSC's external auditor, SyCip Gorres Velayo & Co. (SGV & Co.), for the year ending December 31, 2023.</i>	

Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	LSC's external auditor is Sycip, Gorres & Velayo, which is duly accredited by the SEC, and the handling partner assigned to the Company, Mr. Peter John Ventura, is under SEC's Group A Category as of April 30, 2022. Please see link below for reference: SEC List of Accredited External Auditors	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant		
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
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.	Compliant	The sustainability report of the company is included in its 2023 Annual Report. <i>For reference, please see Exhibit B of the Company's 2023 Annual Report for Reference.</i> LSC 2023 Annual Report	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p><i>For reference, please see Sustainability Report where GRI standards were used attached in the 2023 Annual Report below:</i></p> <p><u>LSC 2023 Annual Report</u></p>	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

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.	Compliant	<p>LSC's Management, Compliance Officer, and Investor Relations Department work closely with the company's Corporate Communication teams to ensure accuracy of the website, and reporting to the media when needed.</p> <p>Management also ensures timely and accurate dissemination of public, material and relevant information to Company shareholders and other stakeholders.</p> <p>The company utilizes its own website and PSE Edge to disseminate public information to its stakeholders.</p> <p><u>LSC Website</u><u>LSC PSE Edge Account</u></p>	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	Compliant	The Financial Statements, quarterly reports and other disclosures of the Company are submitted and published with PSE Edge and the company's website.	
a. Financial statements/reports (latest quarterly)	Compliant		

b. Materials provided in briefings to analysts and media	Compliant	Please see the following links for reference: LSC Company Disclosures LSC 2023 Annual Report – Annual Financial Statement of the company is included as attachment to the annual report 2023 Notice of ASM Minutes of 2023 Stockholders' Meeting LSC 2014 AOI and By-Laws	
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SS	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to			
1. Company complies with SEC-prescribed website template.	Compliant	The Company is compliant with SEC MC. No. 11, series of 2014, Website Template for All Publicly-Listed Companies. <i>For reference, please see company's website through the link below:</i> LSC Website	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Review of enterprise risk management is conducted regularly where risks are identified, actions taken to mitigate the risk are reported.	

		<p><i>For reference, please refer to Enterprise Risk Management Policy and Procedures Manual found in the link below under Company Policies: <u>LSC Corporate Governance Policies</u></i></p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Currently, the company has risk management policy as guide in reviewing and identifying risks the company is exposed to. Nevertheless, LSC is currently developing the enterprise risk management plan which will include the specific process and framework the company will utilize in the conduct of its business.</p> <p><i>For reference, please refer to Risk Management Policy and Procedures Manual found in the link below under Company Policies: <u>LSC Corporate Governance Policies</u></i></p>	
<p>Supplement to Recommendations 12.1</p>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>The Compliance Officer is primarily tasked to oversee LSC's compliance with laws and relevant regulations. Moreover, compliance review is reported regularly to the concerned committees.</p> <p><i>For further information, please see pp. 2-4 of the Amended Manual on Corporate Governance for the Compliance Officer's</i></p>	

		<i>functions and pp. 16-17 of the Revised Manual</i>	
		<u>2020 Revised Manual on Corporate Governance</u>	
2. Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	LSC has developed its Cybersecurity processes, measures, programs and plans, which is regularly reviewed and reported to the Corporate Governance Committee. Moreover, the company has various existing policies relevant to IT and cybersecurity, and data privacy compliance. <i>Please see company policies tab of LSC's website for your reference to various company policies related to cybersecurity and data privacy.</i> <u>LSC Website</u>	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The internal audit function is provided by a team of internal auditors who are seconded to LSC from A. Magsaysay Inc.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<i>Please see below link for the Chief Audit Executive's qualifications:</i>	
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.	Compliant	<u>LSC Company and Board Details</u> The Chief Audit Executive's duties and responsibilities are provided in the	

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Amended Corporate Governance Manual of the Company. 2020 Revised Manual on Corporate Governance	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	LSC has appointed a Chief Risk Officer to spearhead the implementation of risk management measures and monitor key risk exposures, to be reported quarterly to the concerned Committees and the Board.	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-Compliant		LSC has not engaged external technical support since an effective internal risk management mechanism is in place.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	The Chief Risk Officer's qualifications are published on the company's website and disclosed in its Annual Report.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	To access the profile of the Chief Risk Officer and review her qualifications, please refer to Item 9 of the following link: LSC 2023 Annual Report	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	A written attestation from the President and Chief Audit Executive confirming that a sound internal audit, control, and compliance system is in place and	

		functioning effectively is hereby attached as Annex B.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<i>Please see pp. 47-49 of the 2017 Amended Manual on Corporate Governance and pp. 26 – 28 of the Revised Manual</i>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<u>LSC 2017 Manual on Corporate Governance</u> <u>LSC Revised Corporate Governance Manual</u>	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	The information on all classes of shares, including their voting rights is found in LSC's Information Statement, which is provided prior to the Annual Stockholders' Meeting. <u>LSC 2023 Definitive Information Statement</u>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	The voting procedure is described and explained in the information statement provided to stockholders prior to the Annual Sotckholders' Meeting. For reference, please see the links to LSC's information Statements below: <u>LSC 2023 Definitive Information Statement</u>	

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>The voting is done by poll. Before the ASM, Ballot for the election of directors are distributed to the stockholders together with the notice of ASM and proxy form. The Corporate Secretary will then count all votes, and the elected directors will be announced during the ASM.</p>	
<p>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.</p>	<p>Non-Compliant</p>		<p>Currently, there is no such voting mechanism. The Amended Manual on Corporate Governance, however, recognizes the voting rights of all Stockholders, including minority Stockholders who have the right to elect, remove, and replace directors subject to rules allowed under the Revised Corporation Code.</p> <p><i>Please see p. 49 of the 2017 Manual on Corporate Governance and pp. 26-28 of the Revised Manual:</i> <u>LSC 2017 Manual on Corporate Governance</u> <u>2020 Revised Manual on Corporate Governance</u></p>
<p>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.</p>	<p>Compliant</p>	<p>The Manual provides information on the policies on treatment of minority shareholders.</p> <p><i>Please see p. 49 of the 2017 Manual on Corporate Governance and pp. 26-28 of the Revised Manual:</i> <u>LSC 2017 Manual on Corporate Governance</u></p>	

		<u>2020 Revised Manual on Corporate Governance</u>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<i>Please see Article V p. 9 of the LSC's Amended By-Laws (April 07, 2014)</i> <u>LSC 2014 AOI and By-Laws</u>	
7. Company has a transparent and specific dividend policy.	Compliant	The company's dividend policy is found in its amended by-laws. Moreover, no dividends were declared for year 2023. <i>Please see Article V p. 9 of the LSC's Amended By-Laws (April 07, 2014)</i> <u>LSC 2014 AOI and By-Laws</u>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Non-Compliant		The Corporate Secretary counts and validates the votes during the stockholders' meeting. Nevertheless, this is with the assistance of the company's stock transfer agent.
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	Notice and Agenda are sent to Stockholders at least ten (10) days prior to the date of meeting as provided in Article VI of LSC's Amended By-Laws. Additionally, there is <i>no agenda for Remuneration approval in the previous year's meeting.</i> Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS) <u>LSC 2023 Definitive Information Statement</u>	

Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<i>Please see LSC's 2023 and 2024 Notice of Annual Shareholders' Meeting as uploaded in the website:</i>	For the profiles of the directors, we refer the stockholders to the disclosed Definitive Information Statement instead of specifying these in the Notice of Annual Stockholders' Meeting. <u>LSC 2023 Definitive Information Statement</u>
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Non-Compliant	<u>2023 Notice of ASM</u> <u>LSC 2021 Notice of ASM</u>	
b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	The rationale for the agenda items are indicated in LSC's Definitive Information Statement. <i>Please see links below for reference:</i> <u>LSC 2023 Definitive Information Statement</u>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	The Results of the 2023 Annual Stockholders' Meeting was disclosed with the PSE on August 10, 2023 right after the meeting was held. The results were also posted on the Company's website. <u>LSC 2023 ASM Results</u>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on	Compliant	The minutes of the Annual Stockholders' Meetings are uploaded on the company website:	

the company website within five business days from the end of the meeting.		LSC 2023 ASM Minutes	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	LSC's external auditor's representatives, SyCip Gorres Velayo & Co., and stock transfer agent's representatives were present during the 2023 ASM of the company.	
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.	Compliant	<p><i>For reference, see p. 45 (X)(10) of the 2017 Manual on Corporate Governance and pp. 28-30 of the Revised Manual found in the link below:</i></p> <p>LSC 2017 Manual on Corporate Governance 2020 Revised Manual on Corporate Governance <i>Additionally, please see LSC's Policy on Conflict Resolution in the link below:</i> LSC Conflict Resolution Policy</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p> <p><i>For reference, see p. 45 (X)(10) of the 2017 Manual on Corporate Governance and pp. 28-30 of the Revised Manual found in the link below:</i></p> <p>LSC 2017 Manual on Corporate Governance 2020 Revised Manual on Corporate Governance</p>	

		<i>Additionally, please see LSC's Policy on Conflict Resolution in the link below: LSC Conflict Resolution Policy</i>	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The IRO was present during the 2023 ASM of the Company. Moreover, her contact details are available on the company's website to ensure available mechanism to maintain communication with shareholders and other stakeholders of the corporation.	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO is present every shareholders meeting.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	Non-Compliant		There is currently no policy to avoid anti-takeover measures but the stockholders' meetings serve as a forum for the discussion for the adoption of such measures.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	LSC currently has 31.37% public float.	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Proxy forms are sent out to the stockholders, and they can also electronically vote in absentia by sending their votes to the Corporate Secretary.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	Stockholders may also raise their concerns by contacting the Investor Relations Officer of LSC.	
Duties to Stakeholders			

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

Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p><i>The Company's shareholders can be found in the Company's website under <u>Organizational Structure entitled Shareholdings structure:</u></i></p> <p><u>LSC Shareholding Structure</u></p> <p>Cooperation between the stakeholders and LSC is promoted through the implementation and regular review of LSC's Sustainability Programs (ESG) and other programs reported in the Annual Report.</p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<p>The stakeholders are provided with mechanisms to address their grievances. They are also encouraged to participate in addressing LSC's goals and governance.</p> <p><i>Please refer to pages 26-30 of the <u>Revised Manual: 2020 Revised Manual on Corporate Governance</u></i></p>	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>Policies of LSC are made transparent through its website and allows various stakeholders to obtain redress by reporting any violations of their rights. They also enjoy protection from retaliation in accordance with LSC's <i>Whistleblowing policy.</i></p>	

		<i>The Whistleblowing policy and procedures can be found in the link below: LSC Whistleblowing Policy</i>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	LSC's Policy on Conflict Resolution adopts alternative modes of dispute resolution such as early-stage neutral evaluation, negotiation, mediation, and arbitration in order to prevent protracted litigation which entails excessive costs and delays. LSC Conflict Resolution Policy	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	Some specific examples of compliance include: The company ensures timely submission of regulatory requirements. The company practices and ensures that only licensed software and programs are used in its operations.	
2. Company respects intellectual property rights.	Compliant	LSC abides by its intellectual property obligations with its suppliers and other contracting parties.	
Optional: Principle 14			

1. Company discloses its policies and practices that address customers' welfare	Compliant	The Code of Business Conduct and Ethics that ensures fair practices is disclosed on LSC's website.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Non-Compliant		<p>While not disclosed, LSC adheres to its Strategic Procurement Policy Manual which requires proper vetting of suppliers using the Dun and Bradstreet (D and B) accreditation system.</p> <p>LSC also has a deliberate policy to support SME vendors that are assisted by LSC to learn how to become accredited through training programs with D and B.</p> <p>The manner and effectiveness of how these should be disclosed are being studied and will be implemented in 2023.</p>

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

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>LSC requires its employees to comply or determine the following goals in the exercise of their functions: The Company holds a yearly Strategic Planning Workshop with all Officers and key staff, to review the past performance and to identify opportunities and threats. The output of the planning session includes:</p> <ul style="list-style-type: none"> -the identification of key Strategic focus -the projects that will be needed to achieve the goals of the strategic focus -the Goals and Key Result Areas -the Annual Operating Plan and 	
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		<p>-the Company and individual Key Performance Indicators</p> <p>Moreover, LSC has a policy on encouraging employee's participation in its Corporate Governance Manual.</p> <p><i>Please see p.49 of the 2017 Manual on Corporate Governance and p.27 of the Revised Manual on Corporate Governance for reference:</i> <u>LSC 2017 Manual on Corporate Governance</u> <u>2020 Revised Manual on Corporate Governance</u></p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The New Performance Management System will be more metrics-based and will allow for transparency in the rewards structure for employees.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>LSC has an Officer responsible for Health, Safety, Security and Environment (HSSE) who implements campaigns and programs:</p> <p>LSC has adopted Health, Safety and Welfare of Employee's Policy such as Drug and Alcohol Policy, HIV Policy, Life Saving Rules Policy, and Permit to Work System Policy among others.</p> <p><i>For more information, please see link below:</i> <u>LSC HSES Policies and Procedures</u></p>	

		<p>Moreover, LSC has conducted several projects to support health, safety and welfare of its employees:</p> <ul style="list-style-type: none"> - Health and wellness Programs especially focused on the War on Covid (link) - Safety Programs around Zero Harm, and Ten life-saving rules Campaigns for shore and sea-based employees, their families, sub-contractors. - Mental Health Support Hotline 	
3. Company has policies and practices on training and development of its employees.	Compliant	<p>LSC has embarked on an aggressive training and development program called Jump IN.</p> <p>Sea-based employees are trained in Magsaysay's many training facilities and the company has a cadet program for its ships officers. Moreover, LSC's Human Resource Department regularly conducts training for employee's development.</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>LSC has a continuous aggressive campaign around our 8 values, two of which is "integrity" and Accountability"</p> <p>There are special town halls regularly conducted around conduct for example on sexual harassment and bullying.</p> <p><i>Please see Exhibit B of LSC's Annual Report for reference:</i> LSC 2023 Annual Report</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		

Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	The Company looks upon curbing and penalizing employees and suppliers from offering or receiving bribes. The whistleblowing policy has been helpful in mitigating this risk. The company has conducted administrative hearing and filed cases against employees who violate this policy. <u>LSC Whistleblowing Policy and Procedures</u>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	LSC has an established Whistleblowing policy and procedures which governs the process of reporting illegal or unethical practices while protecting employee's welfare and anonymity.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<u>LSC Whistleblowing Policy and Procedures</u>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
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	Compliant	The Company's Sustainability Framework has defined LSC's purpose to contribute to the benefits of trade. One of the impacts we will measure is how our shipping and logistic services	

<p>advancement of the society where it operates.</p>		<p>can help small farmers and businesses access markets in urban centers.</p> <p>This will include helping these customers co-load and build production so they can benefit from scale to lower the cost of transport.</p> <p><i>Please see Exhibit B of LSC's Annual Report for reference:</i> <u>LSC 2023 Annual Report</u></p>	
<p>Optional: Principle 16</p> <p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>LSC's Sustainability Program has identified areas where we contribute to the UN zero carbon goals. The environmental outcome is measured, reviewed and reported monthly.</p> <p><i>Please see Exhibit B of LSC's Annual Report for reference:</i> <u>LSC 2023 Annual Report</u></p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>LSC serves many ports in the Philippines with many underprivileged communities living in its environs.</p> <p>The Company contracts people from the community to deliver needed services like checkers, material handlers- jobs that do not require high technical competence.</p> <p>The Company plans to record and measure the impact LSC makes pursuant to its sustainability goals.</p>	

In accordance with the General Instructions of the **Securities and Exchange Commission (SEC)** on the preparation and filing of the Integrated Annual Corporate Governance Report of Publicly-Listed Companies or PLCS (as contained in SEC Form I-ACGR), this **Integrated Annual Corporate Governance Report of LORENZO SHIPPING CORPORATION (LSC)** for **CY 2023** is hereby signed under oath by the following Directors and Officers of Lorenzo Shipping Corporation on this ____ day of May 2024 at the City of Manila, Philippines.



DORIS TERESA M. HO
Chairperson of the Board



REYNOLD JOHN B. MADAMBA
President



VIRGILIO L. PEÑA
Independent Director



RENE J. BUENAVENTURA
Independent Director

MICHAEL L. ESCALER
Director



RUBY MAE F. REYES
Compliance Officer



DEOGRACIAS N. VISTAN
Independent Director



AISSA V. ENCARNACION
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS


SUBSCRIBED AND SWORN to before me this MAY 30 2024 **MAKATI CITY**
affiants exhibiting to me their government issued IDs as follows:

Names	Identification Card No.
Deogracias N. Vistan	
Rene J. Buenaventura	
Virgilio Peña	
Doris Teresa M. Ho	
Reynold John B. Madamba	
Ruby Mae F. Reyes	
Aissa V. Encarnacion	

WITNESS my hand and notarial seal on the date and place above written.

Doc No.: 830;
Page No.: 6A;
Book No.: II;
Series of 2024.




KYLE ANDREW H. CRUZ
Notary Public
Until December 31, 2024
Roll of Attorneys No. 83270
P.T.R. No. 10074354; 01.02.2024 Makati City
I.B.P. No. 389887; 01.02.2024; (Rizal RSM)
Admitted to the Bar in 2022
Notarial Commission No. M-121
5F Montepino Bldg. 128 Amorsolo St.,
Legaspi Village, Makati City



Institute of Corporate Directors

presents this

Certificate of Participation

to

Ruby Mae F. Reyes

Lorenzo Shipping Corporation

for having completed the

Advanced Corporate Governance Training

held on

December 1, 2023 | 1:00 PM - 5:00 PM

through Zoom Meetings



Atty. Pedro H. Maniego Jr.
Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Marco Banaag

Lorenzo Shipping Corporation

for having completed the

Advanced Corporate Governance Training

held on

December 1, 2023 | 1:00 PM - 5:00 PM

through Zoom Meetings



Atty. Pedro H. Maniego Jr.
Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Rene J. Buenaventura

Lorenzo Shipping Corporation

for having completed the

Advanced Corporate Governance Training

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December 1, 2023 | 1:00 PM - 5:00 PM

through Zoom Meetings



Atty. Pedro H. Maniego Jr.

Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Doris Teresa M. Ho

Lorenzo Shipping Corporation

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Atty. Pedro H. Maniego Jr.
Managing Trustee



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presents this

Certificate of Participation

to

Amelita M. Intalan

Lorenzo Shipping Corporation

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through Zoom Meetings



Atty. Pedro H. Maniego Jr.
Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Annabelle Lopez

Lorenzo Shipping Corporation

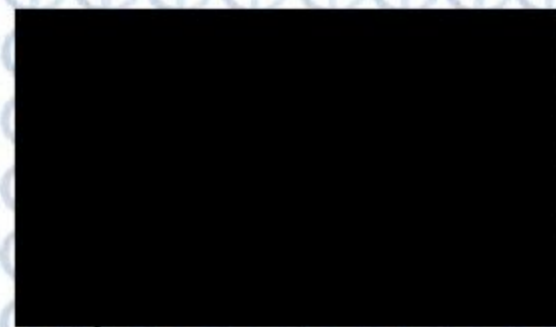
for having completed the

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Atty. Pedro H. Maniego Jr.

Managing Trustee



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Certificate of Participation

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Reynold John B. Madamba

Lorenzo Shipping Corporation

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Atty. Pedro H. Maniego Jr.
Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Antony Louis Marden

Lorenzo Shipping Corporation

for having participated in the

Advanced Corporate Governance Training

held on

December 1, 2023 | 1:00 PM - 2:45 PM

through Zoom Meetings



Atty. Pedro H. Maniego Jr.

Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Virgilio Peña

Lorenzo Shipping Corporation

for having completed the

Advanced Corporate Governance Training

held on

December 1, 2023 | 1:00 PM - 5:00 PM

through Zoom Meetings



Atty. Pedro H. Maniego Jr.

Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Greta Monica D. Trazo

Lorenzo Shipping Corporation

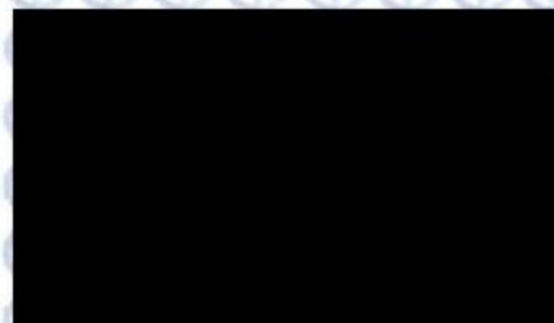
for having completed the

Advanced Corporate Governance Training

held on

December 1, 2023 | 1:00 PM - 5:00 PM

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Atty. Pedro H. Maniego Jr.
Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Celeste Villareal

Lorenzo Shipping Corporation

for having completed the

Advanced Corporate Governance Training

held on

December 1, 2023 | 1:00 PM - 5:00 PM

through Zoom Meetings



Atty. Pedro H. Maniego Jr.
Managing Trustee



Institute of Corporate Directors

presents this

Certificate of Participation

to

Deogracias N. Vistan

Lorenzo Shipping Corporation

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through Zoom Meetings



Atty. Pedro H. Maniego Jr.
Managing Trustee


Annex "B"

CERTIFICATION

This is to certify that Lorenzo Shipping Corporation has in place an independent internal audit function, which provides independent and objective assurance as well as consulting services, which aims to add value and improve the company's operations.

The internal audit function is committed to upholding the highest standards of integrity, professionalism, and accountability in providing risk-based, objective assurance, advice, and insights for the enhancement of the company's organizational value.

Issued this 29th day of May 2024, in the City of Manila, Philippines.


REYNOLD JOHN B. MADAMBA
President
Lorenzo Shipping Corporation


KATHERINE M. DELA CRUZ
Chief Audit Executive
Lorenzo Shipping Corporation