

27 May 2024

HON. REYNALDO A. REGALADO
Insurance Commissioner
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

SUBJECT: SUBMISSION OF ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)

DEAR HON. REGALADO,

Greetings!

In compliance with Circular Letters No. 2020-71, No. 2020-72, No. 2021-36, and No. 2021-47, we are respectfully submitting our 2023 Annual Corporate Governance Report (ACGR). The necessary documents in support of the report are also hereby attached.

Upon a thorough review of the Commission's Corporate Governance principles, we conducted a self-evaluation that allowed us to identify areas of compliance as well as highlight gaps that require further attention. While progress has been made, we acknowledge that certain aspects remain under development and are actively being addressed.

We are committed to maintaining good governance practices to ensure the company continues to prosper through integrity and high-quality service..

Thank you very much.

Very sincerely,


GABRIELLE MARCELO B. CERNA
Corporate Governance Compliance Officer

ANNUAL CORPORATE GOVERNANCE REPORT

OF

LIFE & HEALTH HMP, INC.

Name of Company

For the fiscal year ended **31 DECEMBER 2023**

Certificate Authority Number **HMO-2023-16-R**

PHILIPPINES

Province, Country or other jurisdiction of incorporation or organization

2ND FLOOR, COCOMALL BLDG., OSMEÑA BLVD., CEBU CITY

Address of Principal Office

6000

Postal Code

63-32-2550035

Telephone Number

www.lifeandhealthhmp.com

Official website

Principle 1: The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

Recommendation 1.1

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Please see attached CV's of all directors.	
2. Board has an appropriate mix of competence and expertise.	Compliant	Please see attached CV's of all directors.	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	Please see attached CV's of all directors.	

Recommendation 1.2

1. Board is composed of a majority of non-executive directors	Compliant	Compliant. Majority is composed of non-executive directors of Ms. Daisy Jaine Omega as member.	
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Recommendation 1.3

1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	Compliant. Manual is already approved.	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant		This is stated in the approved Board Charter. All directors have attended a training and orientation course on Corporate Governance.
3. Company has relevant annual continuing training for all directors	Compliant	Corporate Governance Training and others.	

Recommendation 1.4

1. Board has a policy on board diversity.	Compliant	This is included in the approved Board Charter.	Please see attached current list of Directors.
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Recommendation 1.5			
1. Board is assisted in duties by a Corporate Secretary	Compliant	Reevaluated and reassessed the Corporate Secretary position and came up with a clear list of duties and responsibilities of the Corporate Secretary.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Corporate Secretary and the Compliance Officer are separate individuals.	
3. Corporate Secretary is not a member of the Board of Directors	Compliant	This is included in the approved Board Charter.	
4. Corporate Secretary attends trainings on corporate governance.	Compliant	Corporate Secretary attended a corporate governance course on January 14, 2022.	Please see attached certificate from the Institute of Corporate Directors for proof of attendance.
Recommendation 1.6			
1. Board is assisted by a Compliance Officer	Compliant		
2. Compliance Officer has a rank of 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	Compliant. Compliance officer is Mr. Gab Cerna, VP Admin.	
4. Compliance Officer attends trainings on corporate governance annually.	Compliant	Compliance Officer attended a corporate governance course on January 14, 2022. Please see attached certificate from the Institute of Corporate Directors for proof of attendance.	

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	This was tackled further during the establishment of the Board Charter.	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company’s business objectives and strategy.	Compliant	This is included in the Board Charter.	CG Policies are available in the company website.
2. Board oversees and monitors the implementation of the company’s business objectives and strategy in order to sustain the company’s long-term viability and strength.	Compliant	This is included in the Board Charter.	CG Policies are available in the company website.
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	This is included in the approved Board Charter.	CG Policies are available in the company website.
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Succession Policy is already in place.	CG Policies are available in the company website.
2. Board adopts a policy on the retirement for directors and key officers.	Compliant.	Manual on Corporate Governance includes Retirement Policy for Directors and Officers.	CG Policies are available in the company website.
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Remuneration Policy is already in place.	

2. Board aligns the remuneration of key officers and board members with long-term interests of the company	Compliant	Remuneration Policy is already in place.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		This will be tackled further under the Remuneration Policy.
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Nomination Policy is in place.	CG Policies are available in the company website
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Manual is already approved.	CG Policies are available in the company website
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders	Compliant	Nomination Policy is in place.	CG Policies are available in the company website
4. Board nomination and election policy includes how the board reviews nominated candidates	Compliant	Nomination Policy is in place.	CG Policies are available in the company website
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	Nomination Policy is already in place.	CG Policies are available in the company website
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Nomination Policy is already in place, but is yet to be fully implemented.	CG Policies are available in the company website
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPT's) and other unusual or	Compliant	This is reflected in the policy statement of the Related Party Transactions Policy.	CG Policies are available in the company website

infrequently occurring transactions			
2. RPT policy includes appropriate review and approval of material RPT's, which guarantee fairness and transparency of the transactions.	Compliant	This is reflected in the policy statement of the Related Party Transactions Policy. Full implementation will follow.	CG Policies are available in the company website
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non-compliant		RPT Committee will draft an addendum to the policy.
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Board approval is required for such key officers.	
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)	Non-Compliant	Corporate Goals for 2024 has been established by the management team and will be evaluated at the end of the year.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Non-compliant	A management performance framework shall be established to make sure that necessary measures are in place.	Following the setting of 2024 goals, the evaluation process will be carried out, utilizing the overall performance scorecard of the company, at the end of 2024.

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Non-compliant	A management performance framework shall be established to make sure that necessary measures are in place.	Following the setting of 2024 goals, the evaluation process will be carried out, utilizing the overall performance scorecard of the company, at the end of 2024.
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	This is reflected in the Internal Audit Manual.	CG Policies are available in the company website
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	This is reflected in the Internal Audit Manual.	CG Policies are available in the company website
3. Board approves the Internal Audit Charter.	Compliant	Internal Audit Charter is approved	CG Policies are available in the company website.
Recommendation 2.11			
1. Board oversees that the company has in place a sound Enterprise Risk Management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Risk Policies and Risk Committee is in place.	Several risk mitigation initiatives have already been implemented (VAPT, process audit, etc.)
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Risk Policies and Risk Committee is in place.	Several risk mitigation initiatives have already been implemented (VAPT, process audit, etc.)
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Board Charter is already established.	CG Policies and Board Charters are available in the company website.

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Board Charter is already established.	CG Policies and Board Charters are available in the company website.
3. Board Charter is publicly available and posted on the company's website.	Compliant	Compliant. Board Charter is posted in the company website.	
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 the 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 contained 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	Committees and its Charters had been established and approved.	Please see list of committee charters and its members in attachment.
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Committees and its Charters had been established and approved.	Please see list of committee charters and its members in attachment.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Formal policies and procedures are in place.	Please see list of committee charters and its members in attachment.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Please see CV's of committee members.	
4. The Chairman of the Audit Committee is not the Chairman of the	Compliant	Committees and its Charters had been	

Board or of any other committee.		established and approved.	
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	Formal policies and procedures are in place.	A Corporate Governance Committee had been established.
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Compliant	Formal policies and procedures are implemented.	Two (2) independent directors are members of this committee.
3. Chairman of the Corporate Governance Committee is an Independent Director	Compliant	Formal policies and procedures are implemented.	Ms. Lelani Paredes is the appointed chairman for CG Committee.
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	A Board Risk Oversight Committee (BROC) has been established.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	A Board Risk Oversight Committee (BROC) has been established.	Two (2) independent directors are members of this committee.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Based on the latest BOD election and composition, we are compliant.	Mr. Robert Quindoza is the appointed chairman for Risk Oversight Committee.
4. At least on one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Please see attached CV's of directors/committee members.	

Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	RPT Policy is already established.	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	RPT Policy is already established.	All independent directors are members of this committee.
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Committee Charters were established and approved. Formal policies and procedures are implemented.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Committee Charters were established and approved. Formal policies and procedures are implemented.	
3. Committee Charters were fully disclosed on the company's website.	Compliant		Committee Charters and CG Policies are found in the company's website.
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The directors attend and actively participate in all meetings of the Board, Committees and shareholders' in person or through tele/video conferencing conducted in accordance with the	Compliant	With the approval of the Board Charter, formal policies and procedures are implemented. Directors and shareholders	Board Charter has been approved.

rules and regulations of the Commission.		actively participate in meetings through hybrid setup.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Notice of Meeting and Materials are sent to all directors 21 days before the meeting date.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Everyone is encouraged to ask questions.	
Recommendation 4.2			
1. Non-executive directors concurrently serve as directors to a maximum of Five (5) Insurance Commission Regulated Entities (ICRE's) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views and oversee the long-term strategy of the company.	Compliant	No director is concurrently serving other companies.	
Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	Formal policies and procedures were established, approved, though there is no need for it to be fully implemented since no director is concurrently serving other companies.	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	Formal policies and procedures were established,	Nine Directors are on the Board including 3 Independent Directors

		approved and implemented.	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Formal policies and procedures were established, approved and implemented.	Compliant in reference to all circular letters on corporate governance. This is included in the Board Charter.
Recommendation 5.3			
1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02January 2015 while the reckoning dare for the Pre-Need Companies and Health Maintenance Organizations shall be from 21September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	Compliant	Formal policies and procedures were established, approved, though there is no need for it to be fully implemented since no independent director has served full term yet.	Compliant in reference to all circular letters on corporate governance. This is included in the approved Board Charter.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Formal policies and procedures were established and approved, though there is no need for it to be fully implemented since no independent director has served full term yet.	Compliant in reference to all circular letters on corporate governance. This is included in the approved Board Charter
3. The instance that the company retains an independent director in	Compliant	Formal policies and procedures were established and	Compliant in reference to all circular letters on corporate governance.

the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.		approved, though there is no need for it to be fully implemented since no independent director has served full term yet.	This is included in the approved Board Charter.
Recommendation 5.4			
1. The positions of the Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Chairman of the Board and Chief Executive Officer are held by separate individuals.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	This is included in the approved Board Charter.	
Recommendation 5.5			
1. If the Chairman of the Board is not an Independent Director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	Chairman of the Board and Chief Executive Officer are held by separate individuals. This is included in the approved Board Charter.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	This is included in the approved Board Charter.	
Recommendation 5.7			
1. The non-executive directors (NED's) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that	Non-compliant	External auditor to be identified within the year.	

proper checks and balances are in place within the corporation.			
2. The meetings are chaired by the lead independent director.	Non-compliant	External auditor to be identified within the year.	This will be further discussed, re-evaluated, and re-assessed to ensure proper checks and balances are in place.
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. The Board conducts an annual assessment of its performance as a whole.	Non-compliant	BOD Assesment will be done at the end of 2024. Goals for 2024 have just been set.	
2. The performance of the Chairman is assessed annually by the Board.	Non-compliant	BOD Assesment will be done at the end of 2024. Goals for 2024 have just been set.	
3. The performance of the individual member of the Board is assessed annually by the Board.	Non-compliant	BOD Assesment will be done at the end of 2024. Goals for 2024 have just been set.	
4. The performance of each committee is assessed annually by the Board.	Non-compliant	BOD Assesment will be done at the end of 2024. Goals for 2024 have just been set.	
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant	BOD Assesment will be done at the end of 2024. Goals for 2024 have just been set.	
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	The criteria and procedure for evaluation are stated in the approved Evaluation Policy.	This will be further taken up during the BOD assessment by end of 2024.
2. The system allows for a feedback mechanism from the shareholders.	Compliant	This is stated in the approved Evaluation Policy.	This will be further taken up during the BOD assessment by end of 2024.

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 Code of Business Conduct and Ethics has been established and approved.	This is included in the policy manual and is posted in the company's website.
2. The Code is properly disseminated to the Board, Senior Management and employees.	Compliant	The Code of Business Conduct and Ethics has been established, approved, and disseminated.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	This is included in the policy manual and is posted in the company's website.	

Recommendation 7.2

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Code of Business Conduct provides for sanctions in case of violations.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	The Code of Business Conduct and Ethics has been established and approved.	

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

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report	Compliant	VP for Finance presents report to the stockholders.	This is done annually to the stockholders.
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to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.			
Recommendation 8.2			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Please see attached CV's of the existing directors.	
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	Please see attached CV's of key officers.	Further training programs and seminars are scheduled to commence throughout 2024.
Recommendation 8.3			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Non-compliant	Remuneration Policy has been approved but has not yet been fully established.	
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate	Non-compliant	Remuneration Policy has been approved but has not yet been fully established.	This will be further tackled with the establishment of the Board Charter. The Board will undergo reevaluation and reassessment.

Governance Scorecard (ACGS) and the Revised Corporation Code.			
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-compliant	Remuneration Committee has been established to come up with formal policies and procedures.	This will be further tackled with the establishment of the Board Charter. The Board will undergo reevaluation and reassessment.
Recommendation 8.4			
1. Company discloses its policies governing Related Party Transactions (RPT's) and other unusual or infrequently occurring transactions.	Non-compliant	RPT Policy has been approved but has not yet been fully established.	This will be further tackled with the establishment of the Related Party Transaction (RPT) Policy. The Board will undergo reevaluation and reassessment.
2. Company discloses material or significant RPT's in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the Annual Stockholders' Meeting during the year.	Non-compliant	Formal policies and procedures are not yet in place.	This will be further tackled with the establishment of the Related Party Transaction (RPT) Policy. RPT and Audit Committees shall meet to come up with the specific policies and procedures regarding this matter.
Recommendation 8.5			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Non-compliant	Formal policies and procedures are not yet in place.	Currently drafting the Manual on Corporate Governance (MCG) with the guidance of the consultant.
2. Company's MCG is posted on the company website.	Non-compliant		As soon as the Manual on Corporate Governance (MCG) is established, it will be posted on the company website.

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 the audit quality.

Recommendation 9.1

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditors.</p>	<p>Compliant</p>	<p>The Audit Committee Charter has been established. Formal procedures are yet to be implemented by Audit Committee Members</p>	<p>Appointment of an external auditor is still being discussed.</p>
<p>2. The appointment, reappointment, removal and fees of the external auditor is recommended by the Audit Committee , approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>The Audit Committee Charter has been established. Formal procedures are yet to be implemented by Audit Committee Members</p>	<p>Appointment of an external auditor is still being discussed.</p>
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p>This has not been practiced yet as the appointment of an external auditor is still being discussed.</p>	

Recommendation 9.2

<p>1. Audit Committee Charter includes the Audit Committee’s responsibility on:</p> <ul style="list-style-type: none"> i. assessing 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 	<p>Compliant</p>	<p>Compliant. Audit Committee is established.</p>	<p>The Audit Committee Charter has been approved.</p>
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relevant Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	The Audit Committee Charter has been approved.	Please see Audit Committee Charter on company's website.
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.	Non-compliant	The Audit Committee has been established. Formal policies and procedures are yet to be implemented.	
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.	Non-compliant	Internal audit has been discussed.	
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 the emphasis on the management of Economic, Environmental, Social Governance (EESG) issues of its business, which underpin sustainability.	Non-compliant	While a clear policy has not yet been established, the company, under the mandate of the Board in partnership with government agencies, has participated in environmental programs and activities.	Policies and procedures for the material and reportable non-financial and sustainability issues will be established.
2. Company adopts a globally recognized standard/framework in reporting sustainability	Non-compliant	Have not been discussed in the recent meetings.	Standard/framework in reporting sustainability and non-financial

and non-financial framework.			framework will be established.
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. The company should have a website to ensure comprehensive , cost efficient, transparent and timely manner of disseminating relevant information to the public.	Compliant	Website is accessible.	
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 control system in the conduct of its business.	Non-compliant	Internal audit has already been discussed.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-compliant	ERM framework not established yet.	Upon the approval of the Risk Oversight Policy, the Enterprise Risk Management framework will be established.
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.	Non-compliant	Internal audit has already been discussed.	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-compliant	Internal audit has already been discussed.	The appointment of a CAE will be tackled.
2. CAE oversees and is responsible for the internal audit activity of the organization,	Non-compliant	Internal audit has already been discussed.	An Audit Plan will be established.

including that portion that is outsourced to a third party service provider.			
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.	Non-compliant	Internal audit has already been discussed.	
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk processes.	Non-compliant	No Risk Management Framework yet.	
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 the Enterprise Risk Management (ERM)	Non-compliant	No Risk Management Framework yet.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant	No Risk Management Framework yet.	
CULTIVATING A SYNERGIC RELATIONSHIP WITH STAKEHOLDERS			
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 stakeholder rights are disclosed in the Manual on Corporate Governance	Non-compliant	This practice is presently being conducted in the absence of an official manual.	The draft Manual on Corporate Governance is scheduled for review and formal adoption within the 2024 calendar year.
2. Board ensures that basic stakeholder rights are disclosed in the company's website.	Non-compliant	This will be posted in the company website after the approval by the board.	The draft Manual on Corporate Governance is scheduled for review and formal adoption within the 2024 calendar year.

Recommendation 13.2			
1. Board encourages active shareholder by sending the Notice of Award and Special Stockholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	Notices of Meetings are sent 21 days before the meeting with sufficient and relevant information.	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the Annual or Special Shareholders' Meeting publicly available the next working day.	Non-compliant	Results of votes are not posted on the website.	Formal policies and procedures are not yet in place.
2. Minutes of the Annual or Special Shareholders' Meeting are available on the company website within five business days from the end of the meeting.	Compliant	This is accessed in the company's website.	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant	Draft Manual on Corporate Governance includes provision for Alternative Dispute Mechanism.	The draft Manual on Corporate Governance is scheduled for review and formal adoption within the 2024 calendar year.
2. The alternative dispute mechanism is included in the company's Manual or Corporate Governance.	Non-Compliant	Draft Manual on Corporate Governance includes provision for Alternative Dispute Mechanism.	
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stockholders 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	Non-Compliant	Draft of Manual on Corporate Governance covers stockholder's right and protection of interests.	The draft Manual on Corporate Governance is scheduled for review and formal adoption within the 2024 calendar year.

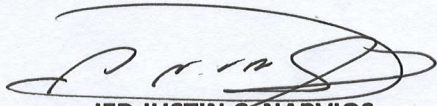
wealth, growth and sustainability.			
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Non-Compliant	Draft of Manual on Corporate Governance covers stockholder's right and protection of interests.	
Recommendation 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	Stockholders have a venue to air their concerns.	
Principle 15: A mechanism for employee participation should be developed to create a symbolic environment, realize the company's goals and participate in the 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	This is included in the Board Charter.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy in its Code of Conduct	Non-compliant	Code of Conduct needs to be revisited.	Code of Conduct will be established with an anti-corruption policy.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture	Non-compliant	Code of Conduct needs to be revisited.	Code of Conduct will be established and properly disseminated.
Recommendation 15.3			
1. Board establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or	Compliant	Whistleblowing Policy is in place.	Manual on Corporate Governance also provides for Whistleblowing Policy.

unethical practices, without fear of retaliation.			
2. Board establishes a suitable framework for whistle blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle blowing concerns.	Compliant	Whistleblowing Policy is in place.	
3. Board supervises and ensures the enforcement of the whistle blowing framework.	Compliant	Whistleblowing Policy is in place.	
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 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 advancement of the society where it operates.	Compliant	The company established a reach-out program for victims of COVID-19 and Typhoon Odette.	Corporate Community Involvement Policy will be established.

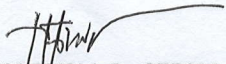
CERTIFICATION

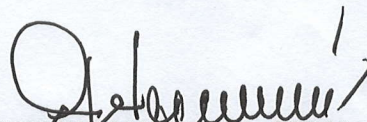
The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and /or based on authentic records

Signed in the City of _____ on the MAY 27 2024 2024.


JED JUSTIN C. NARVIOS
CHAIRMAN OF THE BOARD


CATHERINE B. CERNA
PRESIDENT


LEA KATRINA B. CERNA
CORPORATE SECRETARY


GABRIELLE MARCELO B. CERNA
CORPORATE GOVERNANCE
COMPLIANCE OFFICER



CHERYL C. MEDALLA
DIRECTOR

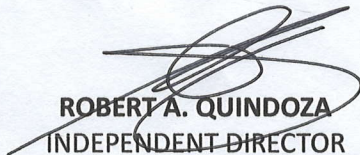

DELIA S. EVARDO
DIRECTOR


DAISY JAINE L. OMEGA
DIRECTOR

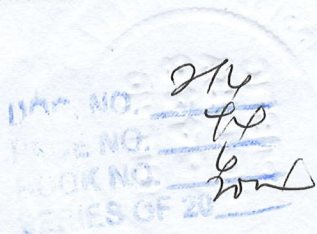

MA. BEBETH N. BERNALES
DIRECTOR



NAZELLE M. VALLESPIN
INDEPENDENT DIRECTOR


LELANI E. PAREDES
INDEPENDENT DIRECTOR


ROBERT A. QUINDOZA
INDEPENDENT DIRECTOR

SUBSCRIBED AND SWORN to before me this MAY 27 2024 day of _____, 2024, by the following who are all personally known to me and who exhibited to me their respective identification number as follows:


1147 NO. _____
1148 NO. _____
1149 NO. _____
SERIES OF 20____


ATTY. JOHN DEXTER P. CABAHUG
Notary Public for Cebu City
Notarial Commission No. 030-21 Valid until December 31 2024
Reg. of Attorneys No. 7544c
PTR No. 2497772 issued at Cebu City on January 2, 2024
IBP No. 385552 issued on January 2, 2024
MCLE Compliance Exempted Pursuant to Board Resolution No. 1 Series of 2003
jdcabahug2017@gmail.com

NAME


TAX IDENTIFICATION NUMBER

JED JUSTIN C. NARVIOS	222-334-777
CATHERINE B. CERNA	224-057-811
LEA KATRINA B. CERNA	276-202-169
GABRIELLE MARCELO B. CERNA	327-445-742
CHERYL C. MEDALLA	254-817-800
DELIA S. EVARDO	130-330-590
DAISY JAINE L. OMEGA	280-163-3257
MA. BEBETH N. BERNALES	160-636-792
NAZELLE M. VALLESPIN	283-021-591
LELANI E. PAREDES	454-777-268
ROBERT QUINDOZA	171-423-178

MAY 21 2024

Doc. No. 11
Page No. 2
Book No. 1
Series of 2024.

ACKNOWLEDGEMENT
BEFORE ME, on this _____ day of _____, 2022 at Cebu City, personally appeared the
above-named party/ies known to me to be the same person who executed the
foregoing instrument and acknowledge to me that the same is their own free act
and voluntary deed.


ATTY. JOHN DEXTER P. CABAHUG
Notary Public for Cebu City
Notarial Commission No. 030-21/Valid Until December 31, 2024
Roll of Attorney's No. 7544c
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IBP No. 385552/issued on January 2, 2024
MCLE Compliance Exempted Pursuant to Board Resolution No.1 Series of 2003
jdccabahug2017@gmail.com

BOARD OF DIRECTORS 2023

NAME	NATIONALITY	POSITION	COMMITTEE	ADDRESS
JED JUSTIN C. NARVIOS	Filipino	CHAIRMAN		Valleyview Village, Mohon Talisay City, Cebu
CATHERINE B. CERNA	Filipino	PRESIDENT/CEO		San Jose Maria Village, Ward 4, Minglanilla, Cebu
MARIA BEBETH BERNALES	Filipino	TREASURER	<ul style="list-style-type: none"> Member: Risk Oversight 	Dakit, Bogo City, Cebu
CHERYL C. MEDALLA	Filipino	DIRECTOR		San Jose Maria Village, Ward 4, Minglanilla, Cebu
DAISY JAINE L. OMEGA	Filipino	DIRECTOR	<ul style="list-style-type: none"> Member: Corporate Governance and Nomination/ Remuneration 	92-Y Cabantan St. Luz Cebu City
DELIA S. EVARDO	Filipino	DIRECTOR		#5 Amethyst St. Casal Village, Mabolo Cebu City
NAZELLE M. VALLESPIN	Filipino	INDEPENDENT DIRECTOR	<ul style="list-style-type: none"> Chairman: Risk Oversight Member: Audit/RPT 	Urban Deca Homes, H. Cortes, Kasambagan Cebu City
LELANI E. PAREDES	Filipino	INDEPENDENT DIRECTOR	<ul style="list-style-type: none"> Chairman: Corporate Governance and Nomination/ Remuneration Member: Audit/RPT 	71 J. Alcantara Street, Cebu City
ROBERT A. QUINDOZA	Filipino	INDEPENDENT DIRECTOR	<ul style="list-style-type: none"> Chairman: Audit/RPT Member: Corporate Governance and Nomination/ Remuneration Member: Risk Oversight 	Blk 3 Lot 6 Joshua Street, Holy Infant Subdivision, Molino ii, Bacoor Cavite