

28 May 2026

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 accordance with Circular Letters No. 2020-71, No. 2020-72, No. 2021-36, and No. 2021-47, we are respectfully submitting our 2025 Annual Corporate Governance Report (ACGR), along with the required supporting documents.

In line with our commitment to good governance, we carried out a self-assessment based on the Commission's standards, noting areas where we are compliant and areas where improvements are underway.

We appreciate the Commission's guidance as we continue to focus on growing our company with integrity and providing better service to our members.

Thank you very much.

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 2025**

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	Majority is composed of non-executive directors.	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training directors.	Compliant		
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant		
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.
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.	Complaint	Compliance officer is Mr. Gab Cerna, VP Admin.	
4. Compliance Officer attends trainings on corporate governance annually.	Non-compliant	The Compliance Officer and members of the Board are scheduled to attend the Corporate Governance Training in May 2026	

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	Compliant	This was tackled further during the	
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and care, and in the best interest of the company.		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	Compliant		This will be tackled further under the Remuneration Policy.

his/her own remuneration.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Nomination and Election Policy is in place.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Nomination and Election Policy is in place.	
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant	Nomination and Election Policy is in place.	
4. Board nomination and election policy includes how the board reviews nominated candidates	Compliant	Nomination and Election Policy is in place.	
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 and Election Policy is in place.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Nomination and Election Policy is in place.	
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 infrequently occurring transactions	Compliant	This is reflected in the policy statement of the Related Party Transactions Policy.	CG Policies are available in the company website
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	Compliant		
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 have been established by management and will be evaluated at year-end. The framework is still being worked on.	
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.	The scorecard process and templates have not been finalized yet. Still in the process of developing and finalizing the templates for tracking key metrics.
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 annual goals, the year-end evaluation will use the company's performance scorecard. The performance management framework is still under development.
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 are 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 are 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	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 have 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 their Charters have 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 Board or of any other committee.	Compliant	Committees and their Charters have been 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 is in place.

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 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.	Ms. Nazelle Vallespin is the appointed chairman for Risk Oversight Committee.
4. At least 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.	
3. 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 rules and regulations of the Commission.	Compliant	With the approval of the Board Charter, formal policies and procedures are implemented. Directors and shareholders actively participate in meetings through hybrid setup, unless face-to-face setup is necessary.	Board Charter has been approved.
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, and 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, approved and implemented.	Nine Directors are on the Board including 3 Independent Directors
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,	Compliant in reference to all circular letters on corporate governance.

Recommendation 5.3			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>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.</p> <p>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.</p>	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.
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	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
<p>3. The instance that the company retains an independent director in 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.</p>	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.

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 proper checks and balances are in place within the corporation.	Compliant	An external auditor has been identified and engaged the contract commenced on November 24,2024 and will continue through the 2026 audit cycle.	
2. The meetings are chaired by the lead independent director.	Compliant		

Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body , and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

<p>1. The Board conducts an annual assessment of its performance as a whole.</p>	<p>Compliant</p>	<p>The CG Committee has prepared comprehensive guidelines, templates and questionnaires to support the annual evaluation of the Board’s overall performance which been implemented for 2025.</p>	
<p>2. The performance of the Chairman is assessed annually by the Board.</p>	<p>Compliant</p>	<p>The CG Committee has prepared comprehensive guidelines, templates and questionnaires to support the annual evaluation of the Board’s overall performance which been implemented for 2025.</p>	
<p>3. The performance of the individual member of the Board is assessed annually by the Board.</p>	<p>Compliant</p>	<p>The CG Committee has prepared comprehensive guidelines, templates and questionnaires to support the annual evaluation of the Board’s overall performance which been implemented for 2025.</p>	
<p>4. The performance of each committee is assessed annually by the Board.</p>	<p>Compliant</p>	<p>The CG Committee has prepared comprehensive guidelines, templates and questionnaires to support the annual evaluation of</p>	

		the Board's overall performance which been implemented for 2025.	
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant	Board assessment will be conducted at year-end. Goals for the year are yet to be set and will be discussed within the year.	

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.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	This is stated in the approved Evaluation Policy.	

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 to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	VP for Finance presents report to the stockholders.	This is done annually to the stockholders.
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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 2026.

Recommendation 8.3

<p>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.</p>	<p>Non-compliant</p>	<p>Remuneration Policy has been approved but has not yet been fully established.</p>	
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<p>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 Governance Scorecard (ACGS) and the Revised Corporation Code.</p>	<p>Non-compliant</p>	<p>Remuneration Policy has been approved but has not yet been fully established.</p>	<p>The Board will undergo reevaluation and reassessment.</p>
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<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-compliant</p>	<p>Remuneration Committee has been established to come up with formal policies and procedures.</p>	<p>This will be further tackled with the establishment of the Board Charter. The Board will undergo reevaluation and reassessment.</p>
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Recommendation 8.4

<p>1. Company discloses its policies governing Related Party Transactions (RPT's) and other unusual or infrequently occurring transactions.</p>	<p>Non-compliant</p>	<p>RPT Policy has been approved but has not yet been fully established.</p>	<p>This will be further tackled with the establishment of the Related Party Transaction (RPT) Policy. The Board will undergo reevaluation and reassessment.</p>
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<p>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.</p>	<p>Non-compliant</p>	<p>Formal policies and procedures are not yet in place</p>	<p>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.</p>
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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

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditors.	Compliant	The Audit Committee Charter has been established. Formal procedures are yet to be implemented by Audit Committee Members	External Auditor is Diaz Murillo Dalupan
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 Audit Committee Charter has been established. Formal procedures are yet to be implemented by Audit Committee Members	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant		

Recommendation 9.2

1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing integrity and independence of external auditors	Compliant	Compliant. Audit Committee is established.	The Audit Committee Charter has been approved.
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<ul style="list-style-type: none"> 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>2. Audit Committee Charter contains the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.</p>	Compliant	The Audit Committee Charter has been approved.	Please see Audit Committee Charter on company’s website.
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	Compliant	The Audit Committee has been established. Formal policies and procedures are yet to be implemented.	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor’s objectivity.</p>	Compliant	Audit Committee maintains a high level of vigilance on any potential conflict of interest.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
<p>1. Board has a clear and focused policy on the disclosure of non-financial information,</p>	Non-compliant	While a clear policy has not yet been established, the company, under the	Policies and procedures for the material and reportable non-financial

with the emphasis on the management of Economic, Environmental, Social Governance (EESG) issues of its business , which underpin sustainability.		mandate of the Board in partnership with government agencies, has participated in environmental programs and activities.	and sustainability issues will be established.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial framework.	Non-compliant	Have not been discussed in the recent meetings.	Standard/framework in reporting sustainability and non-financial 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.	
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INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs , the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

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.	Compliant	Internal audit has already commenced with a third party auditor.	
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Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Ms. Sheena Corridor is the appointed Chief Audit Executive.	
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	An Audit Plan has been established and Ms. Sheena Corridor has been appointed as the Chief Audit Executive.	
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	Ms. Sheena Corridor, the chief audit executive, is assigned to manage fully outsourced internal audits.	

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 at year end
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 at year end.
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.	Compliant		
2. The alternative dispute mechanism is included in the company's Manual or Corporate Governance.	Compliant		
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 wealth, growth and sustainability.	Compliant	Manual is already approved.	

Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Manual is already approved.	

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	Compliant	Code of Conduct has been approved.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture	Compliant	Code of Conduct has been approved.	

Recommendation 15.3			
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1. Board establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	Whistleblowing Policy is in place.	Manual on Corporate Governance also provides for Whistleblowing Policy.
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 organized a donation drive for the victims of typhoon Tino.	Corporate Community Involvement Policy will be established.
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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 CEBU CITY on the MAY 26 2026 2026.


JED JUSTIN C. NARVIOS
CHAIRMAN OF THE BOARD


CATHERINE B. CERNA
PRESIDENT


KATLIN MARY COR CAÑADA
CORPORATE SECRETARY


GABRIELLE MARCELO B. CERNA
CORPORATE GOVERNANCE
COMPLIANCE OFFICER



LEA KATRINA CERNA
DIRECTOR


LOURDES BASTIMOSO
DIRECTOR


DAISY JAÏNE L. OMEGA
DIRECTOR


MA. BEBETH N. BERNALES
DIRECTOR


NAZELLE M. VALLESPIN
INDEPENDENT DIRECTOR


EMILY RAMOS
INDEPENDENT DIRECTOR


MARIO TAMIDLES
INDEPENDENT DIRECTOR

SUBSCRIBED AND SWORN to before me this MAY 26 2026 day of _____, 2026, by the following who are all personally known to me and who exhibited to me their respective identification number as follows:

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
DAISY JAINE L. OMEGA	280-163-257
MA. BEBETH N. BERNALES	160-636-792
NAZELLE M. VALLESPIN	283-021-591
EMILY V. RAMOS	135-450-900
MARIO R. TAMIDLES	108-553-083
LOURDES LASTIMOSO	310-004-842
KAITLIN MARY COR CAÑADA	484-149-066

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Book No. 1
Series of 2026.


ATTY. LUCIO C. AVERGONZADO
Notaria Commission No. 055-25
Notary Public for Cebu City valid until December 31, 2026
C.S. Ladia Bldg., P. de Rosario St., San Antonio, Cebu City
Roll of Attorneys No. 83069
PTR No. 8555051 / December 26, 2025 / Cebu City
IBP O.R. No. 582326 / January 1, 2026 / Cebu City
MCLE Compliance No. VIII-0006356



BOARD OF DIRECTORS 2025

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	Member: Audit/RPT	Dakit, Bogo City, Cebu
DAISY JAINE L. OMEGA	Filipino	DIRECTOR	Member: Corporate Governance and Nomination/Renumeration	92-Y Cabantan St. Luz Cebu City
LEA KATRINA B. CERNA	Filipino	DIRECTOR/COO		Grand Cenia, Archbishop Reyes Ave., Cebu City
LOURDES B. LASTIMOSO	Filipino	DIRECTOR	Member: Risk Oversight	99B Camparville, Buhisan Road, Brgy. Buhisan, Cebu City
NAZELLE M. VALLESPIN	Filipino	INDEPENDENT DIRECTOR	Chairman: Risk Oversight Member: Audit/RPT	Urban Deca Homes, H. Cortes, Kasambagan Cebu City
EMILY V. RAMOS	Filipino	INDEPENDENT DIRECTOR	Chairman: Audit/RPT Member: Corporate Governance and Nomination/Renumeration	1019-A Dapdap, Poblacion 3 Carcar City Cebu
MARIO R. TAMIDLES	Filipino	INDEPENDENT DIRECTOR	Chairman: Corporate Governance and Nomination/Renumeration Member: Risk Oversight	Corner 3 rd and 6 th Streets, B.F Townhomes Subdivision, Abno Pajac Lapulapu Cebu City