

## **LIFE & HEALTH HMP, INC.**

# **CORPORATE GOVERNANCE COMMITTEE CHARTER**

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## I. PURPOSE

This Charter sets forth the authority and responsibilities of the Corporate Governance Committee (CG Committee or the Committee) of the Board of Directors (BOD) of Life & Health HMP, Inc. (the Company).

The CG Committee assists the BOD in the performance of its corporate governance (CG) responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee, and ensures that the BOD complies with, and properly observes the CG principles and practices.

## II. AUTHORITY

The CG Committee shall have the resources and authorities appropriate to discharge its responsibilities including the authority to engage and obtain external advice, counsel, or consultancy services as it deems appropriate without need for BOD approval.

The Committee is authorized by the BOD to investigate any activity within this Charter. Each director shall have separate and independent access to the Management. It is authorized to seek any information it requires from Management and Management are directed to cooperate with any request made by the Committee.

The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

## MEMBERSHIP

### *Composition*

1. The CG Committee shall be composed of three members of the BOD, all of whom should be independent and non-executive directors including the Chairman. The Chairman of the CG Committee shall not be the Chairman of the BOD or of any other board-level committee.
2. Each member of the CG Committee shall serve a term of one year or until his replacement is duly appointed. The members of the Committee may be re-appointed by the BOD.
3. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three, the BOD shall, within three months of that event, appoint such number of new members as may be required to make up the minimum of three members.
4. The member appointed to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly appointed and qualified.
5. The composition of the Committee will be reviewed annually by the BOD.
6. CG Committee members will serve at the pleasure of the BOD and may be removed by the BOD in its discretion.

### *Appointment*

The BOD will appoint annually the CG Committee members and chair. The Company's Compliance Officer shall be designated as the Secretary of the Committee. He / she should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company. He / she should not be a member of the BOD and should annually attend a training on CG.

### ***Qualifications***

1. Members of the CG Committee shall be free from any relationships that, in the opinion of the BOD, would interfere with the exercise of his or her independent judgment as a member of the Committee.
2. Committee members shall:
  - Have knowledge of the primary activities of the Company and the industry in which it operates.
  - Have an adequate working knowledge with the Company's Articles, By-laws, Corporate Governance Manual (CG Manual), and Code of Business Conduct and Ethics (Code); and
  - Attend seminars on CG and such other trainings as appropriate and conducted by duly recognized private or government entities to keep their skills and expertise current and relevant.
3. The BOD will perform an annual review to confirm the qualifications of the CG Committee.

### ***Disqualifications***

1. The office of a member of the CG Committee shall be vacated:
  - If he resigns his office as a member.
  - If he is removed by a resolution of the BOD.
  - If he becomes of unsound mind; and
  - If he is subsequently disqualified from becoming a member.
2. A member shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the BOD, a member ceases to meet any of the independence criteria or to possess any of the qualifications for directorship.

### **III. RESPONSIBILITIES**

The CG Committee has the following four-fold duties and responsibilities:

#### ***Corporate Governance***

1. Oversees the implementation of the CG framework and periodically reviews the said framework to ensure that it remains appropriate considering material changes to the Company's size, complexity, and business strategy, as well as its business and regulatory environments.
2. Oversees the periodic performance evaluation of the BOD and its committees as well as executive management and conducts an annual self-evaluation of its performance. The Committee may engage the services of an external body to facilitate the evaluation of the BOD, the individual directors, board committees, Senior Management, and key officers at least once every three years.
3. Ensures that the results of the BOD evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.
4. Recommends continuing education / training programs for directors and assignment of tasks / projects to board committees.
5. Proposes and plans relevant trainings for the members of the BOD.
6. Reviews and recommends a reasonable and viable succession planning program for the BOD members, Senior Management, and key officers to ensure growth, and continuous and smooth operation of the businesses.
7. Ensures that appropriate disclosure policies and procedures are established to ensure comprehensive, accurate, reliable, and timely reports are provided to shareholders and other stakeholders that will give a fair and complete picture of the Company's financial condition, results, and business operations.

8. Requires an annual committee report from all board committees, describing the respective committee's composition, number of meetings, meeting attendance, responsibilities, how they were discharged, and such other accomplishments and activities.
9. Ensures that the BOD has promulgated and adopted a globally recognized framework in reporting sustainability and non-financial information, with emphasis on the management of environmental, social, and governance issues.
10. Ensures fair and equitable treatment of all shareholders. Recognize, protect, and facilitate the exercise of their rights.
11. Establishes policies, programs, and procedures that will encourage employees to actively participate in the realization of the Company's goals and its governance processes.
12. Ensures that board committees are established to support the effective performance of the BOD's functions and allow it to effectively handle any number of complex issues particularly with respect to audit, risk management, related party transactions, and other key CG concerns, and that each committee has its respective approved and updated Committee Charter.
13. Ensures that the Company has elected or appointed a Compliance Officer who shall be assisting the CG Committee in implementing the Company's CG policies and practices.
14. Reviews and updates regularly the Board Charter, Code, and CG Manual, its effective dissemination, and implementation, and recommend changes, if any, for approval of the BOD.
15. Monitors and assesses compliance of directors to the Company's Board Charter, Code and CG Manual, and other relevant guidelines.
16. Considers questions of independence and possible conflicts of interest of members of the BOD and make recommendations regarding such matters to the BOD, including the criteria for determining director independence as defined on the Company's Board Charter, Code, CG Manual, and other relevant guidelines.

17. Handles and resolves any case of violation of the Board Charter, Code, and CG Manual by the Company's directors.
18. Reviews and deliberates the Company's CG Scorecard prescribed by regulatory authorities and those by private entities advocating good CG practices; and
19. Submits its findings and recommendations to the BOD for approval.

### ***Nomination and Election of Directors***

1. Determines the nomination and election process for the Company's directors and has the special duty of defining the general profile of BOD members that the Company may need and ensuring appropriate knowledge, competencies, and expertise that complement the existing skills of the BOD.
2. Consider and recommend to the BOD other qualifications for directors, including independence criteria / standards for independent directors, which should be aligned with the Company's vision, mission, strategies, Board Charter, Code, CG Manual, and any other relevant laws and regulations.
3. Reviews and evaluates the qualifications of all persons nominated to the BOD and other appointments that require BOD approval.
4. Pre-screens and shortlists all candidates nominated to become members of the BOD, subject to the pertinent provisions of the Company's By-laws on the disqualification of persons engaged in business antagonistic to that of the Company, and to independence and qualifications required to be possessed by a director as defined on the Company's Board Charter, Code, and CG Manual.
5. Encourage the formal, fair, and transparent selection of a mix of competent directors with consideration on diversity, each of whom can add value and create independent judgment as to the formulation of sound Company strategies and policies.
6. Oversees the conduct of any background check, interview, or reference check.

7. Oversees the BOD induction and appointment process, and review the adequacy of new BOD member and new BOD Committee member orientation programs; and
8. Submits its findings and recommendations to the BOD for approval.

### ***Compensation / Remuneration of Directors, Senior Management, and Key Officers***

1. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors, Senior Management, and key officers, including termination and retirement provisions, which are consistent with the Company's culture and strategy as well as the business environment in which it operates.
2. Reviews and approves the Company's compensation structure and incentive compensation programs and recommends changes in or additions to such structure and plans to the BOD as needed.
3. Recommends to the BOD the form and amount of remuneration, which shall be in a sufficient level to attract and retain directors, Senior Management, and key officers who are needed to run the Company successfully, subject to approval of the BOD. The Committee shall review the compensation at least on an annual basis.
4. Requires incoming directors, Senior Management, and key officers to fill up a Full Business Interest Disclosure form as part of the pre-employment requirements which, among others, compels them to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired.
5. Disallows any director to decide his or her own remuneration, or to participate in discussions or deliberations involving his own remuneration, except when the discussions or deliberations pertain

- to the remuneration scheme or structure of the BOD and its Chairman.
6. Reviews the existing Human Resources Development or Personnel Handbook to align and strengthen provisions on conflict of interest, salaries and benefit policies, promotion, career advancement directives, and compliance of personnel.
7. Reviews and endorses proposals on early retirement program as well as any severance payment or similar termination payments proposed to be made to the Senior Management and key officers.
8. Reviews the impact on compensation of plans of mergers, spin-offs, and other similar organizational or operating changes; and
9. Submits its findings and recommendations to the BOD for approval.

### ***Whistleblowing***

1. Receive, process, investigate, and determine the genuineness and seriousness of any report raised.
2. Conduct initial inquiry on any report received.
3. Review the findings of investigation in respect of any report.
4. Dismiss any report if the same shall have no basis or merits or is not a matter to be dealt with.
5. Decide on the appropriate actions to be taken to address the report.
6. Conduct its own investigation into any report, if deemed necessary.
7. Ensure that Management establishes effective procedures for the purposes of receiving, processing, identifying, investigating reviewing, evaluating, recommending, decision making, responding to report received, and that the whistleblowing procedures are in place accordingly.
8. Make recommendation to the BOD for consideration and adoption for any report where such concern or allegation involves:
  - a. Any criminal offense,

- b. Any breach of duty resulting in significant losses to the Company; and
  - c. Any BOD member
9. Review the Whistleblowing Policy Manual and its own effectiveness and recommend any changes it considers necessary to the BOD for approval.
  10. Consider any other matters in relation to whistleblowing as may be delegated from time to time by the BOD.

#### ***Other Responsibilities***

1. Perform any other activities consistent with this Charter that the BOD determines are necessary or appropriate; and
2. Institute and oversee special investigations regarding violation of Code, CG Manual, and other relevant guidelines as needed.

## **IV. MEETINGS**

### ***Quorum***

A quorum at any meeting of the CG Committee shall consist of a majority of its independent and non-executive members who are present throughout the meeting, **whether physically or through remote communication.**

### ***Frequency of Meetings***

The CG Committee shall meet at least twice a year at the **floor, room** The Coco Mall Osmeña Blvd., Cebu City, or at the call of the Chairman or a majority of the members.

### ***Notice of Meetings and Agenda***

1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee, or upon the request of majority of the members.
2. Notice of each meeting confirming the venue, time, and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, **at least two weeks** prior to the meeting.
3. The Chairman will approve the agenda for meetings and any member may suggest items for consideration. Members are authorized to directly request information or seek clarification from Management to facilitate a healthy discussion during the meeting.

### ***Attendance to Meetings***

1. All Committee members are expected to attend and actively participate in all meetings in person or via tele- or videoconference, as authorized by the Company's By-laws.
2. The Chairman of the Committee shall preside in all meetings. In the absence of the Chairman, the Committee members present shall elect one of their members to act as the Chairman for the meeting.
3. The CG Committee may request any officer or employee of the Company or outside counsel to the Company or any special counsel or advisor to the Committee to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### ***Resolutions***

1. Resolutions by the CG Committee shall be subject to any applicable provision of the Company's By-laws.
2. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of the members present at such meeting, whether physically or through remote communication.
3. Each member, including the Chairman of the Committee, shall have one vote.
4. Members of the Committee may exercise his vote through remote communication, as authorized by the Company's By-laws.

### ***Escalation***

The Committee shall timely refer to the BOD its recommendations or decisions which require ratification or approval by the BOD or, if otherwise, as it may deem necessary or proper.

### ***Minutes of Meetings and Records***

1. The Secretary shall minute the proceedings and the resolutions of all meetings of the Committee, including the names of those present and in attendance.
2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflict of interest exists, the member subject to the conflict shall not participate or vote on the issue giving rise to the conflict.
3. Minutes of meetings shall be circulated promptly to all members of the Committee and once agreed, to all members of the BOD, unless a conflict of interest exists.
4. Minutes of all meetings shall be formally approved by the CG Committee at its next scheduled meeting.
5. Minutes of all meetings shall be maintained by the Secretary, along with the following records:
  - Appointments and resignations of the members; and
  - All agenda and other documents sent to the members.
6. Any such meetings and records shall be open for inspection by any member upon reasonable prior notice during usual office hours of the Company.

## **V. REPORTING RESPONSIBILITIES**

The CG Committee shall regularly report to the BOD about its activities and issues that arise with respect to compliance with and proper observance of CG principles and practices. The CG Committee, through its Secretary, shall prepare its Annual Committee Report, describing the Committee's composition, number of meetings, meeting attendance, responsibilities, and how they were discharged, and such other accomplishments and activities.

## **VI. PERFORMANCE EVALUATION AND CONTINUOUS IMPROVEMENT**

The Committee shall conduct a self-assessment of its performance at least once a year.

As a body, the Committee shall evaluate its performance by filling up a self-assessment worksheet that shall benchmark its practices against the expectations set out in this Charter.

The Committee members shall obtain and subject itself to an independent assessment by the BOD relative to its performance in accordance with expectations set out in this Charter and the discharge of its responsibilities.

The Committee may also engage the services of an external body to facilitate, or support, the evaluation of the BOD, the individual directors, board committees, Senior Management, and key officers at least once every three years. The use of an external facilitator in the assessment process increases the objectivity of the same. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution, or professional organization.

Based on the results of the self-assessment, formulate, and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the Committee members up to date with CG best practices.

## **VII. ANNUAL REVIEW OF THE CHARTER**

The CG Committee shall annually review and propose amendments (if any) to the CG Committee Charter and endorse such for BOD approval.