

LIFE & HEALTH HMP, INC.

REMUNERATION POLICY

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I. POLICY STATEMENT

It is the duty of the Board of Directors (BOD or Board) to formulate and adopt a policy specifying the relationship between remuneration and performance of key officers and board members which should be aligned with the long-term interests of Life & Health HMP, Inc. (the Company).

II. PURPOSE AND MISSION

This Remuneration Policy (Policy) shall encourage directors and officers to act in the long-term interest of the Company as a whole, rather than for themselves or their business lines only.

The Corporate Governance Committee (CG Committee or Committee) shall be responsible to supervise and ensure the enforcement of this Policy to ensure that the level of remuneration is sufficient to attract, retain, and motivate directors and officers who are needed to successfully run the Company.

III. GUIDELINES

1. Key considerations in determining proper compensation include the following:
 - a. The level of remuneration is commensurate to the responsibilities of the role;
 - b. No director should participate in deciding on his remuneration; and
 - c. Remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.
2. Conduct an annual market benchmark of all elements of the directors' and officers' remuneration. Consider factors such as individual and organizational performance, and inflation, among

others, in ensuring that the compensation structure will attract, retain, and engage the best talents to contribute to the success of the Company.

3. The total remuneration of the executive directors and management may consist of:
 - a. Basic salary;
 - b. Performance-related short term cash incentive;
 - c. Stock options;
 - d. Pensions;
 - e. Severance pay; and
 - f. Other benefits such as company car, representation allowance, or other benefits required for the execution of the role of the individual director of the Board.
4. For executive directors and management, part of the variable portion of the remuneration package is also dependent on short-term performance. The CG Committee will decide the ratio between the fixed and variable element.
5. The Company shall grant performance-related short-term cash incentive portion of the remuneration of the executive directors and management to reward the individual's performance with regards to short-term objectives which are also consistent with the long-term strategic objectives and economic value creation for the Company shareholders and stakeholders. Each year, a variable cash incentive can be earned based on the achievement of specific targets. This is meant to motivate the executive directors and management to make an extra effort.
6. The Company shall also grant long-term incentives to encourage long-term economic and shareholder value creation, both absolute and relative to the competitors of the Company, to align the interests of the Board with those of the shareholders and to ensure retention of the executive directors and management. The long-term incentive plan consists of share-based remuneration or stock options. The number and terms of stock options granted to executive directors and management will be determined by the

BOD upon recommendations made by the CG Committee. Market levels, as well as company-specific circumstances, are being considered in determining the appropriate number of stock options and the terms of the grant. The number of restricted shares and/or stock options granted to each executive corresponds to a value of the executive's annual fixed salary, targeted at ____%. The value at the time of grant cannot exceed ____% of the executive's annual fixed salary.

7. The executive directors and management may receive benefits that are aligned with market practice such as company car, phone, computer, etc.
8. If the executive director or management steps down following a change of control, they may receive a special severance payment in addition to their normal remuneration and in some cases a bonus during the notice period. This change of control payment can at most equal up to ____ months' fixed salary. The total compensation in severance cases cannot exceed ____ years' pay.
9. The Board may, under exceptional circumstances, award or grant to a member of executive directors or management a one-off payment or other extraordinary remuneration, e.g. retention bonus, severance payment, sign-on bonus, or other schemes in connection with retention, appointment, or departure. Such extraordinary awards or grants may be incentive-based and may consist of cash and / or share-based remuneration or a mix thereof. The value of any exceptional payments cannot exceed an amount corresponding to ____% of the annual fixed salary at the time of grant.
10. Remuneration of the non-executive directors shall be approved or disapproved by the shareholders upon proposal of the Board, and as recommended by the CG Committee. To ensure that remuneration of the non-executive directors is aligned with the interests of shareholders, a proportion of the remuneration package is variable and dependent on the long-term performance of the Company.

11. Each member of the BOD shall receive a reasonable per diem allowance for his attendance at each meeting of the BOD. Directors shall receive ₱_____ per diem remuneration for every Board meeting and stockholders' meeting attended.
12. The per diem remuneration of BOD shall be at ₱_____ for every committee meeting attended or such meetings other than the regular and special board meetings, and stockholders' meeting.
13. As monthly meeting allowance, the BOD shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.
14. Other than the BOD's per diem and monthly allowance, there are no other standard arrangements pursuant to which directors are compensated or to be compensated.
15. For key officers in control functions (e.g., risk, compliance, and internal audit), their remuneration is determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.
16. Present and discuss the results of the compensation study and recommendations to the BOD annually for approval.
17. In exceptional cases and when deemed necessary to ensure the long-term interests of the Company, the BOD may at its sole discretion decide to deviate from this Policy. The discretion includes, but is not limited to:
 - a. The size of the grants subject to the maximum as described in this Policy;
 - b. The timing of the grants;
 - c. Adjustment of the number of restricted shares or share options;

- d. Early vesting of the restricted shares or share options;
- e. The treatment of the restricted shares and share options in the case of resignations, change of control, a merger, rights issue, or other events.

Any deviations must be described in the Remuneration Report which is presented to the shareholders at the annual stockholders meeting the following year.

IV. DISCLOSURE AND TRANSPARENCY TO STAKEHOLDERS

The Company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report (ACGR) consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.

All fixed and variable compensation that may be paid directly or indirectly to its directors and top four (4) management officers during the preceding fiscal year shall be disclosed, including termination and retirement provisions.

V. ANNUAL REVIEW OF THE POLICY

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