



ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/
NON-
COMPLIANT

ADDITIONAL INFORMATION

EXPLANATION

Re o (endan &*

1. Board is composed of a majority of non-executive directors.

" ompliant

Identify

			<p>Josefina Alvarez, Mariana Elena "Ruiz, Jaime", Paola, Guisela Bautista, Mariana Ernestina Teopaco, Leonardo Wilson "Arol",aisy #. =elasco, and =ida T. "hiong2 attended the '7'1 "orporate)overnance >ebinar conducted by ?isks, 5pportunities, %ssessment and . anagement /?5%. 2, 4c. via @oom . eeting on ' ', eceember '7'1, from 1\$7 #.. . to 1\$7 #.. . This information will be added!uploaded to their respective profiles in the "orporate)overnance section of the "ompany s website.</p>
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Re o ((enda%on &-			

1.

			<p>% new segment providing information on the Officers of the Company, including the Corporate Secretary, will be added to the Corporate Governance section of the Company's website.</p>
<p>1. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>Compliant</p>		<p>Mr. de la Cruz is the Company's Corporate Secretary while Mr. Addison B. Castro is the Compliance Officer.</p>

0. Corporate Secretary is not a member of the Board of

attended, including number of hours and topics covered

" ommission regulated entities through @oom webinar on ' C <uly ' 7' 1, from 1\$7 #.. . to 1\$7 #.. .

Qualifications, duties, and functions of the Compliance Officer.

% new segment providing information on the Officers of the Company,

include board resolutions, minutes of meeting

mission and strategies to carry out its objectives.

Indicate frequency of review of business objectives and strategy

The minutes of the annual stockholders' meeting

) overnance section of the

<p>1. Board nomination and election policy is disclosed in the company's annual corporate governance.</p>	<p>Compliant</p>	<p>shortlisted candidates and how it encourages nominations from shareholders.</p>	
<p>2. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>Compliant</p>	<p>Provide proof if minority shareholders have a right to nominate candidates to the board Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.</p>	<p>Subsection A.1.1 of the company's annual corporate governance, which discusses rights of investors. In minority interests, it is stated that shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Page 172</p>

assessment of the effectiveness of the
Board's processes in the nomination,

<p>The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the management, members, and shareholders.</p>	<p>compliant</p>		<p>- subsection 1.1.0 of the Annual on Corporate Governance /page 02 states that a director shall have the duty and responsibility to conduct fair business transactions with the corporation and to ensure that personal interest does not bias Board decisions and further, to ensure the continuing soundness, effectiveness, and adequacy of the corporation's control environment. /#page 02</p> <p>- subsection 1.1.0 /page 12 explains that the Board's nomination committee shall consider possible conflict of interest as one of the guidelines in the determination of the number of directorships for the Board.</p> <p>- subsection 1.1.8 elaborates that the Chief Executive Officer and executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised. /#page 12</p>
<p>0. Board approves the Internal Audit Charter</p>	<p>compliant</p>	<p>Provide reference or link to the company's Internal Audit Charter</p>	<p>- subsection 1.0.1 of the Annual on Corporate Governance /pages C-: 2</p>

			<p>states that the Board shall have in place an independent internal audit function which shall be performed by an internal auditor or a group of internal auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.</p> <p>The audit committee shall participate in the drafting of an internal audit charter for the company.</p>
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Revised (Endorsement)

<p>1. Board oversees that the company has in place a sound enterprise risk management framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p>	<p>Under subsection '1.1' of the Governance Manual, in order to ensure a high standard of best practice for the Corporation and its stakeholders, the Board shall identify key risk areas and key performance indicators and monitor these factors with due diligence.</p>
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1. The risk management framework guides the Board in identifying units/business lines and

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.

Compliant

Provide link to the company's website where the Board Charter is disclosed.

Article 4 - Section A of the Company's Amended Bylaws enumerates the

			<p>b2 " compensation and ?emuneration " ommittee /-ubsection ' . ' . ' 2 c2 %udit " ommittee /-ubsection ' . ' . ' .02 /#ages 0-B2</p> <p>%rticle 4= - ection C of the " ompany* %mended By-9aws explains the Board*s authority to create an 6xecutive " ommittee that shall exercise the powers of the Board of , irectors as may be delegated to it in the management and direction of the affairs of the " orporation. /#age B2</p>
Re o((enda%on +)*			
1. Board establishes an %udit " ommittee 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.	" ompliant	#rovide information or link!reference to a document containing information on the %udit " ommittee, including its functions. Indicate if it is the %udit " ommittee*s responsibility to recommend the appointment and removal of the company*s external auditor.	-ubsection ' . ' . ' .0 of the . anual on " orporate) overnance discusses the creation and functions of the %udit " ommittee. /#ages A-B2
' . %udit " ommittee is composed of at least three appropriately &ualified non-executive directors, the majority of whom, including the " hairman is independent.	" ompliant	#rovide information or link!reference to a document containing information on the members of the %udit " ommittee, including their &ualifications and type of directorship.	-ubsection ' . ' . ' .0.1 explains the composition of the %udit " ommittee, including the &ualifications of each member. /#age A2
0. %ll the members of the committee have relevant background, knowledge, skills, and!or experience in the areas of accounting, auditing and finance.	" ompliant	#rovide information or link!reference to a document containing information on the background, knowledge, skills, and!or experience of the members of the %udit " ommittee.	The %udit " ommittee shall be composed of at least three /02 members of the Board, one /12 of whom shall be an independent director. 6ach member shall have

' . ?#T " ommittee is composed of at least three non-executive directors, majority of whom should be independent, including the " hairman.

+ on-" ompliant #rovide information or link!reference to a

Pr'n "!" \$, ' 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.

Re o((enda%on ,)&

1. The , irectors attends and actively participates in all meetings of the Board, " ommittees and shareholders in person or through tele- !videoconferencing conducted in accordance with the rules and regulations of the " ommission.

" ompliant

#rovide information or link!reference to a document containing information on the process and procedure for tele!videoconferencing board and!or committee meetings.

#rovide information or link!reference to a document containing information on the attendance and participation of directors to Board, " ommittee and shareholders* meetings.

The . inutes of the " orporation's ' 7' 1 %nnual -tockholders* . eeting and ' 7' 1 ?egular . onthly Board . eetings which were conducted via remote communication /videoconferencing² were submitted to the Insurance " ommission.

The . inutes of the ' 7' 1 %nnual -tockholders . eeting can also be found in the " orporate) overnance

<p>" omission ?egulated 6ntities /!" ?6s2 and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge . anagement*s proposals!views, and oversee the long-term strategy of the company.</p>		<p>executive director can hold simultaneously.</p> <p>#rovide information or reference to a document containing information on the directorships of the company*s directors in both listed and non-listed companies.</p>	<p>the guidelines in the determination of the number of directorships for the Board. /#age 12</p> <p>-ubsection ' . ' . 1.8 states that 4ndependent and +on-6executive , irectors who serve as full-time executives in other corporations shall also submit themselves to a low indicative limit on membership in other corporate boards. /#age 12</p>
<p>Re o((enda%n ,)+</p>			
<p>1. The directors notify the company*s board where he!she is an incumbent director before accepting a directorship in another company.</p>	<p>" ompliant</p>	<p>#rovide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p>	<p>-ection 1 of the . anual on " orporate) overnance /pages : -172 discusses the ?eportorial or , isclosure -ystem of the " ompany*s " orporate) overnance #olicies.</p>
<p>Pr"n " ! \$ - ' The board should endeavor to exercise an objective and independent judgment on all corporate affairs</p>			
<p>Re o((enda%n -)&</p>			
<p>1. The Board is composed of at least ' 7J independent directors.</p>	<p>" ompliant</p>	<p>#rovide information or link!reference to a document containing information on the cecss- arit crsipss.pa.</p>	

			<p>management, who is neither an officer or employee of the " orporation, its parent or subsidiaries or any other person having a relationship with the " orporation, and who apart from the shareholdings in and fees received as director from the " orporation could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the " orporation. /#ages 8-12</p>
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Re o((enda%bn -)+

<p>1. The independent directors serve for a maximum cumulative term of nine years. %s far as Insurance " ompanies are concerned, the foregoing term limit shall be reckoned from 7' <anuary ' 711 while the reckoning date for the #re-+eed " ompanies and Eealth . aintenance 5rgani3ations shall be from ' 1 -eptember ' 71A. ; or other covered entities, all previous terms served by existing Independent , irectors prior to the effectivity of this " ircular shall not be included in the application of the term limit prescribed in this item.</p>	<p>" ompliant</p>	<p>#rovide information or link!reference to a document showing the years l, s have served as such.</p>	<p>The " ompany complied with the provisions of 4' " ircular 9etter +o. ' 71C-0A on the rules on +umber of -eats, (ualifications and Term 9imits of 4ndependent , irectors, by naming . r. ?amon =. 5campo, , r. 9eonardo " .) uison 44and . rs. =ida T. " hiong as its 4ndependent , irectors. This was reflected in the " ompany s) eneral 4fond 9R bf ofwi. fld rw-xrvVCy epted in ðaheT!ð •oncomr ðan, iiratit of th•</p>
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			"ompany s website, . rs. " hiong was first elected a . ember of the Board of , irectors on ' C %ugust ' 71: .
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' . The company bars an independent director from serving in such capacity after the term

		Identify the relationship of " chairman and " 65.	-ection 0 articulates the powers and duties of the #resident and " hief 6xecutive 5fficer. /#age C2
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Re o((enda%on -)-

1. If the " chairman of the Board is not an independent director or where the roles of " chairman and " 65 are being held by one person, the Board should designate a lead director among the independent directors.	" ompliant	#rovide information or link!reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if " chairman is independent	The positions of " chairman D " 65 /. r. " ojuangco2 and #resident D " 55 /. rs. -alvador2 are held by two different individuals. ; or this " ompany, the term " 65 is just a title. The duties and responsibilities of the " chairman and the #resident are entirely separate and distinct. Eence, there is no need to designate a lead director.
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Re o((enda%on -).

1. , irectors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	" ompliant	#rovide proof of abstention, if this was the caseKL	-ubsection 1.' -1.1 of the . anual on " orporate) overnance /page 172 speaks of all material information that must be fully disclosed. There have been no directors with a material interest in a transaction affecting the " orporation.
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Re o((enda%on -)/

1. The non-executive directors /+6, s2 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.	+on-" ompliant	#rovide proof and details of said	
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determine the performance of the Board, individual directors and committees.		system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.	procedures to determine the results performance of the Board, the individual directors, and " ommittees.
' . The system allows for a feedback mechanism from the shareholders.	" ompliant		-ubsection A.1.1 of the . anual on " orporate) overnance /page 112 speaks of the -hareholders*?ight to 4nformation, etc., which empowers stockholders to make proposals during meetings.



Pr'h "!" \$ /' . embers of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.



Re o((enda%bn /)&

1. Board adopts a " ode of Business

			the 6 mployee E andbook at the start of their employment.
0. The " ode is disclosed and made available to the public through the company website.	+on-" ompliant	#rovide a link to the company*s website where the " ode of Business " onduct and 6 thics is posted! disclosed.	The 6 mployee E andbook has not been uploaded to the " ompany s website as it is still undergoing extensive revisions.

Re o((enda%on /)*

1. Board ensures the proper and efficient implementation and monitoring of compliance with the " ode of Business " onduct and 6 thics.	" ompliant	#rovide proof of implementation and monitoring of compliance with the " ode of Business " onduct and 6 thics and internal policies. 4 ndicate who are re&uired to comply with the " ode of Business " onduct and 6 thics and any findings on non-compliance.	-ubsection ' '.1.' of the . anual on " orporate) overnance /page ' 2 states that it is the Board s
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Re o((enda%on 0),

1. " ompany provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the %nnual " orporate) overnance ?eport consistent with %-6%+ " orporate) overnance - corecard /%") -2 and the ?evised " orporate

1. 03514A> -15. 896<17> 1> 846826TJnETnQ

1. "ompany discloses its policies governing related party Transactions and other unusual or infrequently occurring transactions.

"ompliant

, disclose or provide reference link to company's policies

Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.

The '7'7 report of independent auditor, which can be found in the corporate governance section of the company's website, discusses the company's policies concerning related party transactions and

Re o((enda%on 1)*			
<p>1. %udit " ommittee " harter includes the %udit " ommittee s responsibility on\$</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditorsL ii. exercising effective oversight to review and monitor the external auditor s independence and objectivityLand iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant #hilippine professional and regulatory re&uirements. 	" ompliant	#rovide link!reference to the company s %udit " ommittee " harter	-ubsection '!'.'!'.0.' of the . anual on " orporate) overnance enumerates the duties and responsibilities of the %udit " ommittee /page B2
<p>' . %udit " ommittee " harter contains the " ommittee*s responsibility on reviewing and monitoring the external auditor*s suitability and effectiveness on an annual basis.</p>	" ompliant	#rovide reference to the company*s %udit " ommittee " harter.	

Re o((enda%on 1)+

1. " ompany discloses the nature of non-audit services performed by its ~~external~~ serv
se23. 37872 Tf n14 82012<1> 3. 4572<14> -5. 71184 (*) 6. 1974 -6741> 276. 856] TJnT12274renfn3168[TJ36> -4 1342<0A> -3. 19681<0A. 55279<16> -16. 904<11>
" pl` Hm` n '!'.'!'.0.' of

		<p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. The company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>performance indicators and monitor these factors with due diligence.</p>
<p>Requirement 1*</p>			
<p>1. The 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.</p>	<p>Compliant</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p>The company's internal audit is in-house.</p>
<p>Requirement 2+</p>			
<p>1. The company has a qualified chief audit executive / chief audit officer appointed by the Board.</p>	<p>Compliant</p>	<p>Identify the company's chief audit executive / chief audit officer and provide information on or reference to a document containing his/her responsibilities.</p>	<p>The company's chief audit executive / chief audit officer is [Name].</p>
<p>2. The chief audit executive / chief audit officer oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>		

0. In case of a fully

Indicate also if the voting on resolutions was by poll.

Include whether there was opportunity to

<p>between them and the company in creating wealth, growth and sustainability.</p>		<p>document containing information on the company's policies and programs for its stakeholders.</p>	<p>shall be the responsibility of the Board of Directors to identify the corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.</p> <p>- subsection A.1 explains the rights and benefits of shareholders and investors.</p>
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Revised (Endorsement)*

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>- subsection A.1 identifies the policies and mechanisms followed to ensure the fair treatment of the company's stakeholders.</p>
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Revised (Endorsement)+

<p>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.</p>	<p>Compliant</p>	<p>Provide the contact details /i.e., name of contact person, dedicated phone number or e-mail address, etc. which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>Go to the corporate governance section of the company's website and find the heading Notice to Minority Stockholders, which provides the company's pertinent email address.</p> <p>The company's website also has a Contact Us section where all the company's contact information are listed.</p>
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Pr'n "!" & ' % mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation

Compliant, disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.

			<p>an example, a volunteer group from the employees ranks, and in coordination with the parish priest or barangay captain, the program extends medical assistance and donates gifts and food items to residents of less fortunate communities/organizations. This is done twice a year.</p> <p>B. Other Community Assistance Programs - these are programs outside of the semi-annual outreach program which the company also provides either directly or through government, civic, or religious organizations.</p> <p>Go also to the Events section of the website to see the company's community involvement and environment-related programs.</p>
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Handwritten notes on the left margin of the middle section, including the word "тундр" and other markings.

Main body of handwritten text in the bottom section, consisting of several lines of cursive script.

Handwritten notes on the right margin of the bottom section, including the word "тундр" and other markings.