

**ANNUAL CORPORATE GOVERNANCE REPORT OF  
COSMOPOLITAN CLIMBS LIFE PLAN INC.**

**1. For the fiscal year ended .....2020**

**2. Certificate Authority Number.....CS201628313**

**3. Misamis Oriental, Philippines**

Province, Country or other jurisdiction of incorporation

**4. 4F CLIMBS Bldg. Tiano-Pacana Sts. Cagayan de Oro 9000**

Address of principal office

**5. (088) 880-1574**

Company's telephone number, including area code

**6. [www.cclpi.com.ph](http://www.cclpi.com.ph)**

Company's official website

# CCLPI PLANS ANNUAL CORPORATE GOVERNANCE REPORT

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT / NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability 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	The Company's Directors are nominated and elected based on their professional experience, expertise, and relevant trainings to the industry or sector where there the Company and its subsidiaries operate. They are a mix of legal and finance professionals, engineers, former or current CEO/COOs, and accountants, many of them with management experience in the private and government sectors, as well as in multilateral agencies.	
2. Board has an appropriate mix of competence and expertise.	Compliant	As a result, the Company's Board of Directors is composed of Directors with collective working knowledge, experience and expertise in the industries that is relevant to the Company and its subsidiaries.	
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	Individual and collective qualifications of the Board of Directors (including the Independent Directors) as well as the duties and responsibilities of the Board and Board Committees, including the benchmark for their individual and collective performance evaluation, are enumerated in the Company's Manual of Corporate Governance (the "Manual"). <i>Please see Annex attached Cosmopolitan CLIMBS Life Plan Inc. Manual on Corporate Governance pg. 6-7</i>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	The Company's Board of Directors Is composed of twelve (12) Directors, majority of whom are Non-executive directors. Out of the twelve (12) directors, 2 are Independent Director and the remaining nine (9) are non-executive directors. <i>Attached in Annex A is the list of CCLPI Plans Board of Directors as of December 31, 2020.</i>	
Recommendation 1.3			

1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	<b>Compliant</b>	The Company's Policy on Training of Directors as provided in its Manual is composed of: (i) onboarding for new Directors, and (ii) mandatory continuous training and development program. To ensure that every Director is apprised of their duties and responsibilities as members of the Board and Board Committees, the Company's corporate governance policies and programs, and the Company's overall operations, the Company's Manual mandate that first time Directors are given a comprehensive onboarding orientation prior to attending their first board meeting. <b><i>See reference CCLPI Manual on Corporate Governance page 26</i></b>	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	<b>Compliant</b>	The orientation program for first-time directors and relevant annual continuing training for all directors aim to promote effective board performance and the continuing qualification of the directors in carrying out their duties and responsibilities. It is suggested that the orientation program for first-time directors, be for at least eight hours, while the annual continuing training is for at least four hours. <b><i>As stated on CCLPI Manual on Corporate Governance page 26</i></b>	
3. Company has relevant annual continuing training for all directors.	<b>Compliant</b>	In addition, the Company's Manual also mandates every Director and Corporate Officer to undergo a continuous training and development program to deepen their understanding of the industries where the Company operates. <b><i>As stated on CCLPI Manual on Corporate Governance page 26</i></b>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	<b>Compliant</b>	The Board of Directors has adopted a policy of appointing a diverse set of Directors based on the on merit and qualification, which shall always be aligned with the Company's mission, vision, and strategic objectives. Moreover, to achieve sustainable and balanced development, the Company encourages diversity in the Company's Board membership. In all Board elections and appointments, no competent and qualified nominee shall be discriminated against because of gender, age, educational background, and length of service. <b><i>Links/reference as follows: CCLPI Manual on Corporate Governance page 7</i></b>	
<b>Recommendation 1.5</b>			

1. Board is assisted in its duties by a Corporate Secretary.	Compliant	The Board of Directors is assisted by a Corporate Secretary, Atty. Isidro Q. Lico, who is not a member of the Board of Directors. The Company ensures that the functions of the Corporate Secretary are clearly defined in the Company's Manual. <b>Links/references are as follows: CCLPI Manual on Corporate Governance page 9-10.</b>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	The Company ensures that the functions of the Corporate Secretary are distinct and clearly delineated from the functions of the Compliance Officer. And they are a separate individual. <b>Links/references are as follows: CCLPI Manual on Corporate Governance page 9-10.</b>	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	The Corporate Board Secretary should not be a member of the Board of Directors and should annually attend training on corporate governance. The current corporate secretary has attended training on Corporate Good Governance last November 2019 before the pandemic hit the country. <b>Links/references are as follows: CCLPI Manual on Corporate Governance page 9-10.</b>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant		
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Board of Directors is assisted by a Compliance Officer, Mr. Mansueto V. Dela Pena, who is not a member of the Board of Directors . The Compliance Officer The Company ensures that the functions of the Corporate Secretary are clearly defined in the Company's Manual. The Compliance Officer is a member of the Management in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the Corporation and its Shareholders, and not to the Chairman or President. Mr. Mansueto Dela Pena is currently the Chief Operations Officer (COO) of CCLPI Plans. <b>Links/references are as follows: CCLPI Manual on Corporate Governance page 10.</b>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4.Compliance Officer attends training/s on corporate governance annually.	Compliant		

**Principle 2 :** *The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.*

**Recommendation 2.1**

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	<b>Compliant</b>	<p>The Company's Manual mandates the Company's Directors to act judiciously and devote time and attention necessary to properly discharge their duties. The Company's Manual mandates the Company's Directors to act judiciously and devote time and attention necessary to properly discharge their duties and responsibilities. With this mandate, the Directors are expected to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.</p> <p>To ensure that the Board of Directors act on a fully informed basis, with due diligence, and in the best interest of the Company; (i) the Board receives regular reports from Management on the operations of the Company (ii) any matter requiring the Board's attention is promptly elevated to the members of the Board, and deliberated and responsibilities. With this mandate, the Directors are expected to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.</p> <p><b>Links/references are as follows: CCLPI Manual on Corporate Governance page 11-14.</b></p>	
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**Recommendation 2.2**

1. Board oversees the development, review and approval of the company's business objectives and strategy.	<b>Compliant</b>	<p>As part of the Directors's duties and responsibilities, the Company's Manual mandates that the Board of Directors oversee development plans and approving the company's business objectives or targets set upon by reviewing the annual budget.</p> <p><b>Link/Reference: Operational budget for 2021 was reviewed and approved by the Board last 2020.</b></p>	
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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.	<b>Compliant</b>	The Board during the regular meetings monitor the corporation's progress against approved budget. Periodically evaluate and monitor the implementation of existing policies and strategies, including business plans operating budget, and overall performance of the management team based on clear performance metrics. <i>Links/references are as follows: CCLPI Manual on Corporate Governance page 11-14.</i>	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	<b>Compliant</b>	The Board of Directors is headed by Mr. Renato S. Dychangco Jr. He is a very well respected, competent and qualified and knowledgeable about the Company's core businesses. <i>Links/references are as follows: CCLPI Manual on Corporate Governance page 7-8.</i>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	<b>Compliant</b>	The Corporation acknowledges that a succession plan for its Board of Directors is in the best interest of the Company, its stakeholders, and employees and will foster continuity of leadership for the Board. The succession plan is intended to give assurance and confidence to all stakeholders of the Company, demonstrating that leadership changes would be carefully planned, communicated, and implemented by the Board of Directors. Succession planning is an ongoing process of identifying, assessing, and developing people to ensure the organization's continued effective performance through leadership continuity. The plan includes succession for the Board as a whole and the Board's leadership positions. <i>Links/references are as follows: CCLPI Manual on Corporate Governance page 24.</i>	

2. Board adopts a policy on the retirement for directors and key officers.	<b>Compliant</b>	<p>The company believes that age brings with it unmatched wisdom and experience, expert business judgment, invaluable industry knowledge and expertise, community relationships and authority, and that it serves the company's interests to be able to retain directors regardless of their age, regardless of their contribution to the Board and organization. Thus, the company will set the retirement age for Directors at eighty (80). Retirement of Officers is done with the requisite succession planning and in accordance with the company's policies and implementing guidelines of its retirement plan for all employees, the company's By-Laws, Labor Code and the Corporation Code of the Philippines.</p> <p><b><i>See link/references: CCLPI Manual on Corporate Governance page 25.</i></b></p>	
<b>Recommendation 2.5</b>			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	<b>Compliant</b>	<p>The Company values the time, expertise, and dedication the Board of Directors have been extending to the company. As a startup company, the directors understand that currently the company cannot competitively pay at par with other preneed companies whose been operating for quite some time now. However, every regular board meeting the company gives an honorarium amounting to Php 10,000 across the board rate. For special meeting or executive committee meetings, the company gives Php 5,000 each committee member.</p> <p><b><i>See reference for Remuneration Policy: CCLPI Manual on Corporate Governance page 26-27.</i></b></p>	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	<b>Compliant</b>		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	<b>Compliant</b>		

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>The Company's Board of Directors has a formal and transparent board nomination and election policy, which is disclosed in the Company's Manual, Amended By Laws, Guidelines in the Nomination and Election of Independent Directors, and is explained by the Company's Corporate Secretary at every annual stockholders meeting.</p> <p>All shareholders have the right to nominate individually the members of the Board. Nominations for the position of a Director are received by the Corporate Secretary in accordance with the Company's By-Laws and the Guidelines for the Nomination and Election of Independent Directors.</p> <p>The members of the Company's Board of Directors, as a rule, are selected and elected to serve the organization according to the procedures set forth in the Company's ByLaws, and with particular focus on Director's and Corporate Officer's ability to perform the duties and responsibilities as specified in the Manual, which includes effective governance alignment with the Group's strategic and corporate planning activities.</p> <p>After proper screening, the Corporate Governance Committee approves a shortlist of candidates that are qualified to be nominated and elected as Directors and Independent Directors of the Company.</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		
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		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		



Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Board of Directors has the duty to ensure that there is a group-wide policy and system governing related parties and RPTs, particularly those which pass a certain threshold of materiality. This policy was created that all RPTs are (i) at arm’s length in accordance with transfer pricing rules; (ii) fair, or are based on market practices, and (iii) inure to the best interests of the Company and its shareholders. The RPT Policy also establishes a particular level of reporting and approval process for RPTs that pass a certain threshold of materiality. The RPT Committee, composed of all Independent Directors, deliberate on material and significant RPTs across the Group, taking into account the size, structure, risk profile and complexity of the Company’s operations. <i>Links/references are as follows: CCLPI Manual on Corporate Governance page 28.</i>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
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	It is one of the Board's responsibilities to approve the selection of the Management led by the CEO. For now, the other control function (CRO, Chief Audit Executive) are not yet filled in.	

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).	Compliant	The Manual mandates the Board to assess annually the performance of the Board as a governing unit, the various Board Committees, the Individual Directors and Committee Members, and the Corporate Officers (including the CEO, the Chief Risk and Reputation Officer, the Chief Compliance Officer, and the Chief Marketing Officer) <b>Links/references are as follows: CCLPI Manual on Corporate Governance page 23-24.</b>	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Board of Directors is responsible in ensuring that management's and team members' performance are within the standards set by the Board. The Company has a well-developed performance scorecard to which different business groups, business units, departments and individual's annual plans are developed and aligned to. Individual performance is regularly reviewed annually. <b>Links/references are as follows: Attached Annual Performance Evaluation on Annexes</b>	
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.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Board Audit Committee represents the Board in discharging its oversight function to ensure the adequacy and effectiveness of the Company's internal control system, governance processes and risk management processes, and reviewing the performance of the Company's internal audit function,  Under the Company's Manual on Corporate Governance, an effective system of internal control, must include, among others, a mechanism for monitoring and managing potential conflict of interest among Directors, management, team members and shareholders.	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>The Company's Code of Ethics and Business Conduct clearly outline the company's policies on the conflicts of interest situations. The Board also approved a Conflict of Interest Policy and a Related Party Transaction to ensure that material RPTs involving Management, Directors, Officers, and Shareholders within a certain threshold undergo the proper review and approvals.</p> <p>Links/references are as follows: <b><i>CCLPI Manual on Corporate Governance page 27-29</i></b></p>
3. Board approves the Internal Audit Charter.	Compliant	<p>Under the Company's Manual on Corporate Governance, an effective system of internal control, must include, among others, a mechanism for monitoring and managing potential conflict of interest among Directors, management, team members and shareholders.</p> <p><b><i>See link/reference: CCLPI Manual on Corporate Governance page 27-29</i></b></p>
Recommendation 2.11		
1. Board oversees that the company has in place a sound enterprise risk management (ERM)	Compliant	<p>The Board of Directors, through the Board Risk Oversight Committee, ensures that a sound Enterprise Risk Management (ERM) framework is in place to effectively identify, monitor, and manage key business risks. The committee assists the Board in defining the Company's risk appetite and overseeing the risk profile and performance against the defined risk appetite. The committee is also responsible for overseeing the identification, measurement, monitoring and controlling the Company's principal business risks. The company's risk profile and risk management strategies are annually reviewed and assessed.</p> <p><b><i>See link/reference: CCLPI Manual on Corporate Governance page 27-29</i></b></p>
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	
Recommendation 2.12		
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and	Compliant	<p>The Company has a Board Charter that articulates the duties of the Board, the processes and protocols that must be followed in the</p>

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	conduct of the board meetings, and the performance of their duties and responsibilities. <i>See link/reference: CCLPI Manual on Corporate Governance page 11-14</i>
3. Board Charter is publicly available and posted on the company’s website.	Compliant	
<b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board’s functions, particularly with respect to 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 available Committee Charter.		
<b>Recommendation 3.1</b>		
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Company’s Board Committees consist of the following: Board Audit Committee, Board Risk Oversight Committee, Board Corporate Governance Committee, Board Related Party Transactions Committee, Remuneration Committee, Investment Committee, Personnel Committee, Claims Committee, and the Board Executive Committee. The composition, functions, and powers of the Board Committees are found in the Company’s Manual. <i>See link/reference: CCLPI Manual on Corporate Governance page 20-22</i>
<b>Recommendation 3.2</b>		

<p>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.</p>	<p><b>Compliant</b></p>	<p>The Company's Board Audit Committee assists the Board in fulfilling its the tasks of:</p> <ul style="list-style-type: none"> <li>(a) Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;</li> <li>(b) Ensuring the adequacy and effectiveness of the Company's internal control system, governance processes and risk management processes and reviewing the performance on the Company's internal audit function;</li> <li>(c) Reviewing the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;</li> <li>(d) Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and</li> <li>(e) Providing an avenue of communication among the Company</li> </ul> <p>The Audit Committee has the responsibility to select, evaluate, review of the performance, scope of work and fees of the external auditor, and where appropriate, recommend the re-appointment or replacement of the current external auditor.</p> <p><b><i>See link/reference: CCLPI Manual on Corporate Governance page 21</i></b></p>	
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2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	<b>Compliant</b>	<p>The Board Audit Committee is composed of the following members, as of December 31, 2020:</p> <p>Mr. Augustus Ferreria - Committee Chairman, Independent Director  Engr. Ronald Chan - Non-Executive Director  Mr. Floriano R. Hilot - Independent Director  Chairman of the Board - Ex Officio</p> <p>The Chairman of the Board Audit Committee, Mr. Augustus Ferreria, is an Independent Director.</p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	<b>Compliant</b>	The members of the Board Audit Committee are well experienced in the areas of accounting, banking, audit, and finance.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	<b>Non-compliant</b>	Mr. Augustus Ferreria, the Chairman of the Board Audit Committee, is an Independent Director, and is not the Chairman of the Board of Directors, but he is also the Chairman of Personnel Committee	The Board will make necessary changes on this matter and will comply with the recommendation of the Commission.
<b>Recommendation 3.3</b>			
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.	<b>Compliant</b>	<p>The Board Audit Committee is composed of the following members, as of December 31, 2020:</p> <p>Ret. Judge Antonio Manuel Alcantara - Committee Chairman  Atty. Daniel Evangelio - Non-Executive Director  Atty. Kerwin Tan - Non-Executive Director  Mr. Floriano R. Hilot - Independent Director  Mr. Augustus Ferreria - Independent Director  Chairman of the Board - Ex-Officio member</p>	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	<b>Compliant</b>		
3. Chairman of the Corporate Governance Committee is an independent director.	<b>Non-compliant</b>		The Chairman of the Corporate Governance Committee is not an independent director. However, we will make necessary changes based on this recommendation as soon as it will hold its meeting.

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	The Board Risk Oversight Committee is responsible for overseeing the Company's Enterprise Risk Management system to identify, measure, monitor, and manage the Company's principal business and reputation risks. <b>See link/reference: CCLPI Manual on Corporate Governance page 22</b>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	The Board Risk Oversight Committee is composed of the following directors: Mr. Alvin Tan Unjo - Committee Chairman Mr. Augustus Ferreria - Independent Director Mr. Floriano R. Hilot - Independent Director <u>Chairman of the Board - Ex-Officio member</u>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	The BROC Chairman is Mr. Alvin Tan-Unjo, and he is not the Chairman of the Board.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	All members of the BROC has relevant knowledge and experience on risk and risk management.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The Related Party Transaction Committee is charged with ensuring that the Corporation' dealings with the public and various stakeholders are imbued with the highest standards of integrity. It independently reviews, vets, and endorses all related party transactions such that these transactions are dealt on terms no less favorable to the company than those generally available to an unaffiliated third party under the same or similar circumstances. <b>See link/reference: CCLPI Plans Manual on Corporate Governance page 23.</b>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	The RPT Committee is composed of the following directors: Mr. Exequiel D. Robles - Committee Chairman Mr. Renato S. Dychangco Jr. - Member Mr. Augustus Ferreria - Independent Director Mr. Floriano R. Hilot - Independent Director <u>Chairman of the Board - Ex-Officio member</u>	

**Recommendation 3.6**

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	<b>Compliant</b>	The Company has Committee Charters for each of its Committees duly approved by the Board, namely: Corporate Governance Committee, Audit Committee, Board Risk Oversight Committee, Related Party Transaction Committee, Investment Committee, Personnel Committee, Claims Committee, and the Executive Committee	
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>Compliant</b>		
3. Committee Charters were fully disclosed on the company's website.	<b>Compliant</b>		

**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/videoconferencing conducted in accordance with the rules and regulations of the Commission.	<b>Compliant</b>	The Company's Manual mandates each Director to devote time and attention necessary to properly discharge his duties and responsibilities. To this end, Directors attend and actively participate in Board and Committee meetings whether the meeting is via tele or video conference, or the Directors are physically present during the meeting. The Company provides different secured online platforms to ensure attendance and active participation for all Directors.	
2. The directors review meeting materials for all Board and Committee meetings.	<b>Compliant</b>	Directors attend and actively participate in Board and Committee meetings, review meeting materials and ask questions or seek explanation. Materials for the board meeting are sent through their email atleast three- to five days before the meeting. <b><i>See sample e-mail to the Board of Directors notifying them that the materials for the 2020 Regular Board Meeting have been sent. (Annexes)</i></b>	



3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>Compliant</b>	The Company's Directors are expected to be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He is likewise expected to attend and actively participate in Board and Committee meetings, review meeting materials and, if called for, ask questions or seek explanation. <i><b>See Board Meeting minutes showing discussions between the Directors. (Annexes)</b></i>	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve in a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	<b>Compliant</b>	The Company's Manual limits the directorships of its members, taking into account the ability of the Directors to diligently and effectively perform their duties and responsibilities and the nature and kind of corporations they may be Directors of, regardless of the number of directorships they may be holding. In any case, the capacity of Directors to serve with diligence shall not be compromised.	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	<b>Compliant</b>	The Directors disclose his directorships in other companies and notify the Board prior to his acceptance of any directorship outside CCLPI Plans during his/her term.	
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board is composed of at least twenty percent (20%) Independent Directors	<b>Compliant</b>	The Board is composed of 12 directors, 20% of which are Independent Directors namely: Mr. Augustus Ferreria & Mr. Floriano R. Hilot	

<b>Recommendation 5.2</b>			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the positions.	<b>Compliant</b>	An Independent Director should, as a general rule, possess a general understanding of the business of the Company, and the qualifications and stature that would enable him to effectively and objectively participate in the deliberations of the Board. Pursuant to this, the Governance and Compliance Team maintains and applies a checklist of all the qualifications required by the Company's Manual of Corporate Governance, Insurance Commission standard requirement, and applicable laws. <i><b>See link/reference: CCLPI Manual on Corporate Governance page 16-18</b></i>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	<b>Compliant</b>	The Company complies with the requirements of IC Circular Letter No. 2018-36 dated June 26, 2018, reckoning term limits for Independent Directors applicable for Pre-need Companies. As a rule, Independent Directors may serve for a maximum of nine consecutive years, starting from 2016. Currently, Mr. Augustus Ferreria has been an Independent Director of CCLPI Plans since 2016.	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	<b>Compliant</b>	The Company complies with the requirements of IC Circular Letter No. 2018-36 dated June 26, 2018, reckoning term limits for Independent Directors applicable for Pre-need Companies. As a rule, Independent Directors may serve for a maximum of nine consecutive years, starting from 2016.	
3. In 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 seeks shareholders' approval during the annual shareholders' meeting.	<b>Compliant</b>	The Company complies with the requirements of IC Circular Letter No. 2018-36 dated June 26, 2018, reckoning term limits for Independent Directors applicable for Pre-need Companies. As a rule, Independent Directors may serve for a maximum of nine consecutive years, starting from 2016.	As a start-up pre-need company operating just this 2016, our Independent Directors have not yet reached the maximum term limit.
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	<b>Compliant</b>	In 2020, Mr. Renato S. Dychango Jr. is the Chairman of the Board and Mr. Fermin L. Gonzales is the President and CEO. <i>See link of company website:</i> <a href="http://cclpi.com.ph/board-members/">http://cclpi.com.ph/board-members/</a>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>Compliant</b>	The Company's By Laws and Manual clearly and separately define the duties and responsibilities of the Company's Chairman of the Board of Directors and CEO. <i>See link/reference: CCLPI Manual on Corporate Governance page 8-9.</i>	

<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director or where the roles of the Chairman and CEO are being held by one person, the board designates a lead director among the independent directors.	<b>Compliant</b>	Mr. Renato S. Dychangco Jr. is the Chairman of the Board and a Non-Executive Director. The Company appointed Mr. Augustus J.V Ferreria and Mr. Floriano R. Hilot as Independent Directors. <i>See website link: <a href="http://cclpi.com.ph/board-members/">http://cclpi.com.ph/board-members/</a></i>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations for the same.	<b>Compliant</b>	In a situation of a conflict of interest, the conflicted board member is required to promptly notify the Board, through the Company's Corporate Secretary, of any actual or potential conflict of interest as soon as they become aware of it. The conflicted board member shall not participate in discussions on transactions in which he/she is a conflicted party and shall also abstain from voting on such issues.  There was no transaction in 2020 where a Director had a material interest in the transaction and abstained from taking part in the deliberations. <i>See link/reference: CCLPI Manual on Corporate Governance page 31</i>	
<b>Recommendation 5.7</b>			
1. The non-executive Directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present to ensure that proper checks and balances are in place within the corporation.	<b>Non-compliant</b>		The periodic meeting was not yet imposed but the Corporation will comply with the recommendation of the Commission
2. The meetings are chaired by the lead independent director.	<b>Non-compliant</b>		The periodic meeting was not yet imposed but the Corporation will comply with the recommendation of the Commission

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

**Recommendation 6.1**

1. Board conducts an annual self-assessment of its performance as a whole.	<b>Compliant</b>	In accordance with its Manual, the Company conducts an annual assessment of the performance of the Board as a body, of the Chairman, of each of the individual Directors, the Committees, and Corporate Officers such as the Chief Executive Officer, Chief Marketing Officer, and Chief Compliance Officer. <i>See link/reference: CCLPI Manual on Corporate Governance page 23-24.</i>	
2. The performance of the Chairman is assessed annually by the Board.	<b>Compliant</b>	The Chairman of the Board ensures that the performance of the Board is evaluated at least once a year and discussed/followed up on. <i>See link/reference: CCLPI Manual on Corporate Governance page 23-24.</i>	
3. The performance of the individual member of the Board is assessed annually by the Board.	<b>Compliant</b>	The Board likewise conducts an assessment of the board's performance. In the event the Chairman of the Board is not independent, the Lead Independent Director shall contribute to the performance evaluation of the Chairman. <i>See link/reference: CCLPI Manual on Corporate Governance page 23-24.</i>	
4. The performance of each committee is assessed annually by the Board.	<b>Compliant</b>	The Board likewise conducts an assessment of the board committees' performance. <i>See link/reference: CCLPI Manual on Corporate Governance page 23-24.</i>	
5. Every three years, the assessments are supported by an external facilitator.	<b>Non-compliant</b>		For 2020, this recommendation is not yet complied. The Company intends to adopt this recommendation and have an external facilitator conduct the assessment.

**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.	<b>Compliant</b>	Every year, the members of the Board answer a Self-Assessment Questionnaire that is composed of varying statements based on: (i) the Company's compliance with applicable, and best corporate governance practices and principles (ii) the individual Director's participation, engagement, and contribution to the Board and Board Committees; and (iii) an evaluation of the performance by the Board of its duties and responsibilities as provided in this Manual, Charter Documents, and governing policies. The Chairman of the Board ensures that the self-assessment is done at least once a year and the results are discussed by the Board Corporate Governance Committee. <b>See link/reference: CCLPI Manual on Corporate Governance page 23-24.</b>	
2. The system allows for a feedback mechanism from the shareholders.	<b>Compliant</b>	The Company has made available to its shareholders various communication channels to collect their feedback: (i) the Company's website contains a "contact us" portion, where shareholders can reach out to the Directors through the company website. <b>See link/reference: <a href="http://cclpi.com.ph/contact/">http://cclpi.com.ph/contact/</a></b>	

**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.	<b>Compliant</b>	The Company adopted the Code of Ethics and Business Conduct (the Code) which aims to set out how the Executive Management, team leaders, and team members can achieve and maintain ethical standards in the Company's day to day operations and summarize the Company's fundamental policies and directives. <b>See link/reference: CCLPI Manual on Corporate Governance page 29-32</b>	
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2. The Code is properly disseminated to the Board, senior management and employees.	<b>Compliant</b>	<p>All Directors, Officers, and Employees have an individual responsibility to ensure that business practices adhere to the rules of the Code. The Company's Governance and Compliance Team made an initial cascade of the Code to all the team leaders of the Company and thereafter to the other subsidiaries of the Company. The Company's HR team also made several roll-outs of the Code to the employees and officers of the different business units through e-learning platforms and orientation to new hires. The results of the cascade were presented to the Board Corporate Governance Committee.</p> <p><i>See link/reference: CCLPI Manual on Corporate Governance page 29-30.</i></p>	
3. The Code is disclosed and made available to the public through the company website.	<b>Non-compliant</b>		<p>The copy of the Code is not yet publicly disclosed and made available through the Company's website since it still needs refinement and review by the Board. However, once this is final, the company will immediately upload the Code of Conduct to the company's website.</p>
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	<b>Compliant</b>	<p>The Company's Code provides that all Directors, Corporate Officers, team leaders and team members are expected to read and follow the Code, and are required to review and review their commitment to the obligations and responsibilities outlined in the same.</p> <p><i>See link/reference: CCLPI Manual on Corporate Governance page 29-30.</i></p>	

2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>Compliant</b>	The Company's HR Team is responsible for disseminating the contents of the Code to existing and new Directors, Corporate Officers, and employees through the new hires' orientation, onboarding sessions, and other trainings.	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
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.	<b>Compliant</b>	The Board of Directors approved the Company's Disclosure Policy to ensure the principles of accuracy, accessibility, timeliness, completeness, and regularity in the Company's disclosures. While the Company's disclosure policy seeks to maintain a reasonable balance between the transparency of the Company and the protection of its commercial interests, it aims to provide information to shareholders and interested parties to assist them in making sound investment decisions. <i><b>See link/reference: CCLPI Manual on Corporate Governance page 32-33</b></i>	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and	<b>Compliant</b>	The Company discloses all relevant and material information on individual board members to evaluate their experience, qualifications, and directorships within and outside the CCLPI Plans, and assess any potential conflicts of interest.	
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.	<b>Compliant</b>	<i><b>See reference of nominees with their professional background and experience, as attached in Annex.</b></i>	



Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation code.	Non-compliant		The Company's policy on disclosing compensation for its Directors has yet to be established based on this recommendation. Rest assured that the company will adopt the commission's recommendations.
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate.	Non-compliant		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-compliant		
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	RPT-related provisions found in the Company's Manual set out proper review, approval, and reporting of transactions which may be entered into between or among the Company or any of its Affiliates, Directors and Officers. <i>See link/reference: CCLPI Plans Manual on Corporate Governance page 28</i>	
2. Company discloses material or significant RPTs 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' meeting during the year.	Compliant	In 2020, there are no transactions discussed and approved by the Board where a Director has a conflict of interest.	

Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's corporate governance policies, programs and procedures are contained in its Company's Manual and posted on its company website.	
2. Company's MCG is posted on its company website.	Compliant		
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 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 recommends the approval for appointment/re-appointment, removal and fees of the independent external auditor. <i>See link/reference: Audit Charter page 5.</i>	
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		
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	The Company has yet to remove an external auditor. Since it's still a start-up company, the current auditor Garsuta & Quilab Co. has been the auditor for 3 years. However, this function is part of the Audit Committees' duty and responsibility.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on:		Under the Board Audit Committee Charter, the Board Audit Committee has the primary duties to: (a) Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies; (b) Ensuring the adequacy and effectiveness of the Company's internal control system, governance processes and	
i. assessing the integrity and independence of external auditors;			
ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and			

iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	<b>Compliant</b>	<p>risk management processes and reviewing the performance on the Company's internal audit function; (c) Reviewing the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence; (d) Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and (e) Providing an avenue of communication among the Company's independent auditors, management, the internal auditing department and the Company.</p> <p><b><i>See: Board Audit Committee Charter pp: 4-9: Duties and Responsibilities of the Committee, attached herein</i></b></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.	<b>Compliant</b>	The Committee's responsibility to annually review and monitor the external auditor's suitability and effectiveness is found in its charter. Board Audit Committee Charter, page 5-6: Item B. Independent External Auditors,	
<b>Recommendation 9.3</b>			
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.	<b>Compliant</b>	For 2020, the Company did not engage Quilab & Garsuta Co. for any nonaudit/consultancy services. Thus, no non-audit fees were paid.	
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.	<b>Compliant</b>	<p>The Board Audit Committee regularly evaluates the external auditors' professional qualifications, performance, compensation, and most importantly its independence. The evaluation includes a review of the qualifications, performance, and independence of the lead partner of the external auditor. Links/references are as follows:</p> <p><b><i>i. Board Audit Committee Charter, page 5.</i></b></p>	

<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	<b>Compliant</b>	The Company shall adopt a policy for the disclosure of material and reportable information regarding non-financial and sustainability issues, with a focus on the management of economic, environmental, social, and governance (EESG) issues of the business, following a globally recognized standard in reporting sustainability and non-financial information.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	<b>Compliant</b>	<i>See link/reference: CCLPI Plans Manual on Corporate Governance page. 33</i>	
<b>Principle 11:</b> The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decisionmaking by investors, stakeholders and other interested users.			
<b>Recommendation 11.1</b>			
1. The company should have a website to ensure comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	<b>Compliant</b>	The Company has its own website and updated information on the company's business, annual reports, and other information relevant to stakeholders. <i>See link on FS Synopsis. <a href="http://cclpi.com.ph/annual-statement/">http://cclpi.com.ph/annual-statement/</a></i>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> 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.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.		All internal controls procedures and risk management systems are incorporated in the policies of the Board Audit Committee Charter and Risk Enterprise Management respectively. <i>See link/reference: CCLPI Plans Manual on Corporate Governance page 27-29.</i>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.		An integral part of the Company's risk management discipline is a clear understanding of its key risks, the consistent execution of activities to address them of the Risk Management program. Part of the governance of Risk Management is the regular review of the Risk Management Plans of all its business units. <i>See link/reference: CCLPI Plans Manual on Corporate Governance page 27-29.</i>	

<b>Recommendation 12.2</b>			
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.	<b>Non-compliant</b>		The company has yet to adopt this recommendation but rest assured that the company will take steps to implement this recommendation.
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	<b>Non-compliant</b>		The company has yet to adopt this recommendation but rest assured that the company will take steps to implement this recommendation.
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.	<b>Non-compliant</b>		The company has yet to adopt this recommendation but rest assured that the company will take steps to implement this recommendation.
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.	<b>Non-compliant</b>		The company has yet to adopt this recommendation but rest assured that the company will take steps to implement this recommendation.

Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	An integral part of the Company’s risk management discipline is a clear understanding of its key risks, the consistent execution of activities to address them of the Risk Management program. Part of the governance of Risk Management is the regular review of the Risk Management Plans of all its business units. <i>See link/reference: CCLPI Plans Manual on Corporate Governance page 27-29.</i>	This recommendation is not yet applied but the Company’s Board of Directors is committed to establishing a fully functioning enterprise risk management system for the Company and its businesses. The Board oversees the Company’s risk management functions through the Board Risk and Oversight Committee.
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 Enterprise Risk Management (ERM).	Non-compliant		As a startup company, a Chief Risk Officer is no yet installed to oversee Enterprise Risk Management. This recommendation is duly noted. Currently, the Board has enable the management at a certain risk level to undertake investment related transactions.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	The Company’s Manual provides shareholder’s rights and protection. <i>See link/reference: CCLPI Plans Manual on Corporate Governance page 33-35.</i>	
2. Board ensures that basic shareholder rights are disclosed on the company’s website.	Compliant	The Company’s Manual, which provides shareholder’s rights and protection, is available at the Company’s website.	

Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders’ Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	To encourage active shareholder participation in the ASM, the Board ensures that the Notice and agenda of the ASM are released at least 28 days before the meeting. The Notice of the ASM, along with the financial statements and relevant information on the incumbent and nominated Directors and Corporate Officers were released	However, due to pandemic, the Board approved the indefinite suspension of face to face meetings with the stockholders. Please see copy of non-filing of GIS due to postponement & board resolution
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders’ Meeting publicly available the next working day.	Non-compliant		The company has yet to adopt this recommendation but rest assured that the company will comply with the Commission's recommendation as soon as we hold our Annual Stockholder's Meeting.
2. Minutes of the Annual and Special Shareholders’ Meetings are available on the company website within five business days from the end of the meeting.	Non-compliant		
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in amicable and effective manner.	Compliant	The Company’s Manual authorizes that the Board may adopt the rules and procedures set forth under Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, as an alternative means to amicably and fairly settle such disputes, conflicts, or differences, in order to ease the tedious process of court litigation. <i>See link/reference: CCLPI Plans Manual on Corporate Governance page 35.</i>	
2. The alternative dispute mechanism is included in the company’s Manual on Corporate Governance.	Compliant		

## Duties to Stakeholders

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' 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.

**Non-compliant**

The company has yet to adopt this recommendation but rest assured that the company will craft policies and program based on this recommendation.

### Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

**Non-compliant**

The company has yet to adopt this recommendation but rest assured that the company will craft policies and program based on this recommendation.

### 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.

**Non-compliant**

The company has yet to adopt this recommendation but rest assured that the company will craft policies and program based on this recommendation.



## Encouraging employees' participation

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its 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.	<b>Compliant</b>	One of the strategic pillars of the Company - Build Human Capital – is a recognition of the important role that employees or “team members” as they referred to, play in the realization of the Company's goals. The Company recognizes that attracting, optimizing, and retaining top caliber professionals is crucial to the Company's success. Because of this, there are a number of policies and programs developed to ensure that team members are actively engaged and invested in the Company's success. These includes activities that address an individuals' needs – to give back, to grow, to belong, and to contribute. Links/references are as follows:	
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### Recommendation 15.2

1. Board sets the tone and makes a stand against corrupt practices by adopting an anticorruption policy and program in its Code of Conduct.	<b>Compliant</b>	The Company's policies on anti-bribery and corruption is found in the CCLPI Plans Manual on Corporate Governance. Links/references are as follows: <b><i>CCLPI Plans Manual on Corporate Governance pages 31-32</i></b>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>Compliant</b>	The Company's HR Team is responsible for disseminating the contents of the Code to existing and new Directors, Corporate Officers, and employees through the new hires' orientation, onboarding sessions, and other trainings.	

**Recommendation 15.3**

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	The Company's adapts on Whistleblowing Policy which is found in the CCLPI Plans Manual on Corporate Governance. Links/references are as follows: <i>CCLPI Plans Manual on Corporate Governance pages 32</i>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		

**Duties to Stakeholders**

**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 positive and progressive manner that is fully supportive of its comprehensive and balanced development.

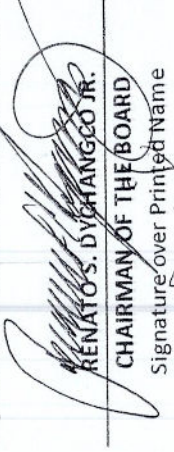
**Recommendation 16.1**

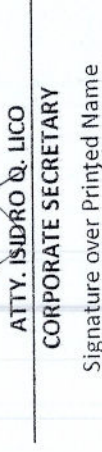
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates	Non-compliant		The company has yet to establish its social responsibility. The company is looking into programs which aims to strike a balance between economic growth and social development.
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## CERTIFICATION

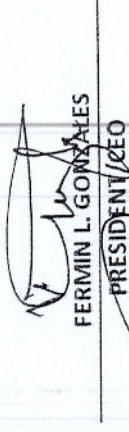
The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

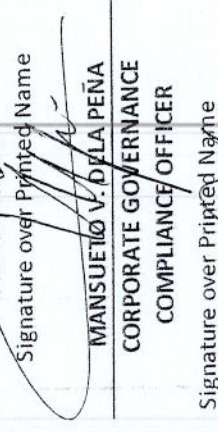
Signed in the City of Cagayan de Oro on the 15th day of July 2021

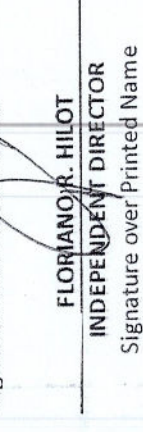
  
**RENATO S. DYCHANGCO JR.**  
CHAIRMAN OF THE BOARD  
Signature over Printed Name

  
**ATTY. ISIDRO Q. LICO**  
CORPORATE SECRETARY  
Signature over Printed Name

  
**AUGUSTUS FERRERIA**  
INDEPENDENT DIRECTOR  
Signature over Printed Name

  
**FERMIN L. GONZALES**  
PRESIDENT/CEO  
Signature over Printed Name

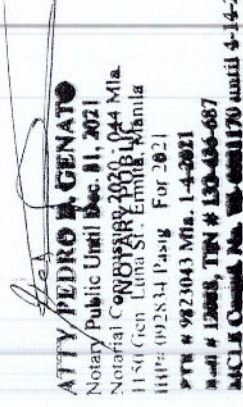
  
**MANSUETO V. DELA PEÑA**  
CORPORATE GOVERNANCE  
COMPLIANCE OFFICER  
Signature over Printed Name

  
**FLORIANO R. HILOT**  
INDEPENDENT DIRECTOR  
Signature over Printed Name

**SUBSCRIBED AND SWORN** to before me this JUL 30 2021 day of \_\_\_\_\_,  
20\_\_\_, by the following who are all personally to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification documents as follows:

- | NAME                       | ID NO. | DATE PLACE ISSUED |
|----------------------------|--------|-------------------|
| 1. RENATO S. DYCHANGCO JR. |        |                   |
| 2. FERMIN L. GONZALES      |        |                   |
| 3. ATTY. ISIDRO Q. LICO    |        |                   |
| 4. MANSUETO V. DELA PEÑA   |        |                   |
| 5. AUGUSTUS FERRERIA       |        |                   |
| 6. FLORIANO R. HILOT       |        |                   |

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Page No. 22 ;  
Book No. \_\_\_\_\_ ;  
Series of 2021 .

  
**ATTY. PEDRO B. GENATO**  
Notary Public Until Dec. 31, 2021  
Notarial Commission No. 1044 Mla.  
1150 Cien Luna St. Ermita, Manila  
HWP: 0928334 Pasig For 2021  
PTR # 9823043 Mla. 1-4-2021  
Mail # 12008, TIN # 130-436-687  
MCLC Cagayan de Oro. WB-00011700 until 4-14-2022