

# CEBUANA LHUILLIER

G/F Cebuana Lhuillier Building, 1129 Metropolitan corner Chino Roces Avenue, Brgy. San Antonio, Makati City, Philippines 1203  
(02) 8779-9800, (02) 8739-9800 | [www.cebuanalhuillier.com](http://www.cebuanalhuillier.com)

May 17, 2023

**Insurance Commission**  
1071 United Nations Avenue, Ermita  
Manila, 1000



**Attention: Corporate Governance Unit**

**RE: Annual Corporate Governance Report CY 2022 - Cebuana Lhuillier  
Insurance Brokers, Incorporated**

Dear Sir / Madam:

This is to formally file the Annual Corporate Governance Report of Cebuana Lhuillier Insurance Brokers, Inc. (License No. IB-03-2023-R) for calendar year 2022. Attached together with this letter are two (2) copies of the subject document.

If you have any questions or concerns, contact us at [ramor@pilhuillier.com](mailto:ramor@pilhuillier.com) or mobile number [REDACTED].

Thank you very much and we hope you find everything in order.

Sincerely,

  
**Robert Amor**  
Company Representative

**CEBUANA** | **INSURANCE**  
LHUILLIER | **BROKERS**

**ANNUAL CORPORATE GOVERNANCE REPORT OF  
CEBUANA LHUILLIER INSURANCE BROKERS, INC.**

1. For the fiscal year ended *December 31, 2022*
2. Certificate Authority Number *IB-03-2023-R*
3. Makati City, Metro Manila, 1203
4. 133 P&EL Bldg., Chino Roces cor. Metropolitan Ave., Barangay. San Antonio, Makati City
5. (02) 8779-9800
6. Company's Official Website: <https://www.cebuanalhuillier.com/microinsurance/>

## ANNUAL CORPORATE GOVERNANCE REPORT

|  |   | COMPLIANT/NON-COMPLIANT | ADDITIONAL INFORMATION  | REFERENCE/EXPLANATION   |
|--|---|-------------------------|---|---|
| The Board's Governance Responsibilities  |   |                         |   |   |
| <b>Principle 1:</b> The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders. |   |                         |   |   |
| <b>Recommendation 1.1.</b>   |   |                         |   |   |
| 1  | Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.  | COMPLIANT               | Provide information or link/reference to a document containing information on the following:<br>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors<br>2. Qualifications standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance | The Board of Directors (BOD) is composed of five (5) directors with experience in the fields of business, IT, banking and insurance. The Directors are qualified individuals for their positions with an appropriate mix of competence and expertise. |
| 2  | Board has an appropriate mix of competence and expertise.   | COMPLIANT               |   |   |
| 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               |   |   |
| <b>Recommendation 1.2.</b>   |   |                         |   |   |
| 1  | Board is composed of a majority of non-executive directors  | COMPLIANT               | Identify or provide link/reference to a document identifying the directors and the types of their directorships   | 3 Directors of the BOD are non-executive directors.   |
| <b>Recommendation 1.3.</b>   |   |                         |   |   |
| 1  | Company provides in its Board Charter or Manual of Corporate Governance a policy on the training of directors.  | COMPLIANT               | Provide link or reference to the company's Board Charter or Manual of Corporate Governance relating to its policy on training of directors  | Refer to Section III (A)(3) of the Corporate Governance Manual provides for an Orientation Program for new directors and Continuing Education for existing directors  |

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|----------------------------|--|------------------|--|---|
| 2                          | Company provides in its Board Charter or Manual of Corporate Governance an orientation program for first time directors. | <b>COMPLIANT</b> | Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered. | As above  |
| 3                          | Company has relevant annual continuing training for all directors.   | <b>COMPLIANT</b> |  | As above  |
| <b>Recommendation 1.4.</b> |  |                  |  |   |
| 1                          | Board has a policy on board diversity.   | <b>COMPLIANT</b> | Provide information or link/reference to a document containing information on the company's board diversity policy.<br><br>Indicate gender composition of the board.   | Refer to Section III (A)(4) of the Corporate Governance Manual provides that the Company recognizes that diversity and difference in principles and prospective among its directors. 2 directors are male and 3 directors are female. |
| <b>Recommendation 1.5.</b> |  |                  |  |   |
| 1                          | The Board is assisted in its duties by a Corporate Secretary.  | <b>COMPLIANT</b> | Provide information or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.   | Refer to Section 4 of Article IV of the Corporation's By-Laws refers to the duties of the Corporate Secretary. Atty. Maria Rosario E. Ereño is the Corporate Secretary.   |
| 2                          | Corporate Secretary is a separate individual from the Compliance Officer.  | <b>COMPLIANT</b> |  | The Corporate Secretary, Atty. Maria Rosario E. Ereño is a separate individual from the Compliance Officer  |
| 3                          | Corporate Secretary is not a member of the Board of Directors.   | <b>COMPLIANT</b> |  | The Corporate Secretary, Atty. Maria Rosario E. Ereño is not a member of the Board of Directors   |



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|---|--|-----------|--|--|
| 4   | Corporate Secretary attends training/s on corporate governance.  | COMPLIANT | Provide information or link/reference to a document containing information on the corporate governance training attended, including the number of hours and topics covered.    | Corporate Secretary attended the Institute of Corporate Directors' training on Corporate Governance on April 2, 2018. See attached Certificate of Participation.   |
| <b>Recommendation 1.6.</b>  |  |           |  |  |
| 1   | Board is assisted by a Compliance Officer.   | COMPLIANT | Provide information or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions   | Mr. Pablo C. Samson II is the Compliance Officer. Refer to the Corporate Governance Manual on the duties and functions of a Compliance Officer   |
| 2   | Compliance Officer has a rank of Vice President or equivalent position with adequate stature and authority in the corporation. | COMPLIANT |  | Compliance Officer has a rank of Assistant Vice President with the adequate status and authority in the Corporation  |
| 3   | Compliance Officer is not a member of the board.   | COMPLIANT |  | The Compliance Officer, Mr. Pablo C. Samson II is not a member of the Board of Directors   |
| 4   | Compliance Officer attends training/s on corporate governance annually.  | COMPLIANT | Provide information or link/reference to a document containing information on the corporate governance training attended, including the number of hours and topics covered.    | Training Attended: New Year SEC updates & Compliance - 3 hours<br><br>2022 SEC Memorandum Circulars, provide interpretation and guidance on regulations that are still relevant or have become irrelevant, and recent jurisprudence affecting all corporations in the Philippines.   |
| <b>Principle 2:</b> 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. |  |           |  |  |
| <b>Recommendation 2.1.</b>  |  |           |  |  |
| 1   | Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the company.   | COMPLIANT | Provide information or link/reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of the meeting) | Per the Company's Corporate Governance Manual, the Board of Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and stakeholders. The Corporate Secretary provides the Directors with relevant information prior to date of the meeting to ensure that they have sufficient time to study and are fully informed of updates before the meeting is held. |

| Recommendation 2.2. |  |           |   |  |
|---------------------|--|-----------|---|--|
| 1                   | Board oversees the development, review and approval of the company's business objectives and strategy.   | COMPLIANT | Provide information or link/reference to a document containing information on how the directors performed their functions (can include board resolutions, minutes of the meeting)         | Per the Company's Corporate Governance Manual, the Board of Directors oversees the development, review and approval of the company's business objectives and strategy. The Board also 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. |
| 2                   | Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength. | COMPLIANT | Indicate frequency of review of business objectives and strategy  |  |
| Recommendation 2.3. |  |           |   |  |
| 1                   | Board is headed by a competent and qualified Chairperson.  | COMPLIANT | Provide information or reference to a document containing information on the chairperson, including his/her name and qualifications.  | Mr. Jean Henri D. Lhuillier is the Chairperson, who is competent and qualified to hold the position  |
| Recommendation 2.4  |  |           |   |  |
| 1                   | Board ensures and adopts an effective succession planning program for directors, key officers and management.  | COMPLIANT | Disclose and Provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and its implementation | The Company's Corporate Governance Manual provides for the Succession Planning and the Retirement Policy for its directors, key officers and management.   |
| 2                   | Board adopts a policy on the retirement for directors and key officers.  | COMPLIANT |   |  |

| Recommendation 2.5. |   |           |   |  |
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| 1                   | Board formulates a policy specifying the relationship between remuneration and performance of key officers and board members.                                       | COMPLIANT | Provide information or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance   | The Company's Corporate Governance Manual provides for the key considerations in determining proper compensation and remuneration. The BOD also does not participate in the discussions or deliberations involving his/her remuneration. |
| 2                   | Board aligns the remuneration of key officers and board members with long-term interests of the company.  | COMPLIANT |   |  |
| 3                   | Directors do not participate in discussions or deliberations involving his/her own remuneration.  | COMPLIANT |   |  |
| Recommendation 2.6. |   |           |   |  |
| 1                   | Board has a formal and transparent board nomination and election policy.  | COMPLIANT | Provide information or link/reference to a document containing information on the company's nomination and election policy and process and its implementation including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.<br><br>Provide proof if minority shareholders have a right to nominate candidates to the board.<br><br>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | The Board has formal and transparent board nomination and election policy which is included in the Company's Corporate Governance Manual.  |
| 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 |   |  |



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| 6                   | Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.  | COMPLIANT     |  | As above   |
| 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     | Provide information on or to reference to a document containing the company's policy on related party transaction, including policy on the review and approval of significant RPTs.          | The Company's Corporate Governance Manual provides for the responsibility of the BOD on the establishment of a policy on Related Party Transactions. |
| 2                   | RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.   | NON-COMPLIANT | Identify transactions that were approved pursuant to this policy   | The Company is still in the process of establishing a Related Party Transaction (RPT) policy. Target completion is by the end of Q4 2023.            |
| 3                   | RPT policy encompasses all entities within the group, taking into account their size, structure, and risk profile and complexity of operations   | NON-COMPLIANT |  |  |
| Recommendation 2.8. |  |               |  |  |
| 1                   | Board is primarily responsible for approving the selection of Management led by Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | COMPLIANT     | Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of Management.<br><br>Identify the Management team appointed. | Refer to the Company's Corporate Governance Manual on Performance Assessment.  |



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| 2                    | Board is primarily responsible for assessing the performance of Management led by the by Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | COMPLIANT | Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.<br><br>Provide information on the assessment process and indicate frequency of assessment of performance. | Per the Company's Corporate Governance Manual on Performance Management, the BOD shall be responsible in appointing a competent management team and shall monitor and assess their performance. |
| Recommendation 2.9.  |   |           |   |   |
| 1                    | Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.                          | COMPLIANT | Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.  | The Company's Corporate Governance Manual includes policies on Performance Management   |
| 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 |   | Refer to the Company's Corporate Governance Manual on Performance Management  |
| Recommendation 2.10. |   |           |   |   |
| 1                    | Board oversees that an appropriate internal control system is in place.   | COMPLIANT | Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control   | Refer to the Company's Corporate Governance Manual on Internal Control System   |

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|----------------------|--|---------------|--|---|
| 2                    | The internal control mechanism includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.                        | COMPLIANT     | system is in place and what is included in the internal control system   | Refer to the Company's Corporate Governance Manual on Internal Control System   |
| 3                    | Board approves the Internal Audit Charter  | COMPLIANT     | Provide information or link/reference to the Company's Internal Audit Charter  | Refer to the Company's Internal Audit Charter   |
| Recommendation 2.11. |  |               |  |   |
| 1                    | Board oversees that the Company has in place a sound enterprise management (ERM) framework to effectively identify, monitor, asses and manage key business risks                   | COMPLIANT     | Provide information 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. | Refer to the Company's Corporate Governance Manual on Enterprise Risk Management. The Company's proposed Enterprise Risk Management Framework will be submitted to the BOD's approval this 2023 |
| 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     | Provide proof of effectiveness of risk management strategies, if any.  |   |
| Recommendation 2.12. |  |               |  |   |
| 1                    | Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.                                | COMPLIANT     | Provide information or link/reference to the company's website where the Board Charter is disclosed.   | Refer to the Company's BOD Charter  |
| 2                    | Board Charter serves as a guide to the directors in the performance of their functions   | COMPLIANT     |  |   |
| 3                    | Board Charter is publicly available and posted on the company's website  | NON-COMPLIANT |  | The Company's BOD Charter will be posted to the company website this 2023   |

**Principle 3:** Board committees should be set-up to the extent possible to support the effective performance of the Board's functions, particularly with respect to 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

**Recommendation 3.1.**

|   |   |                  |   |                                     |
|---|---|------------------|---|-------------------------------------|
| 1 | Board establishes board committees that focus on the specific board functions to aid in the optimal performance of its roles and responsibilities | <b>COMPLIANT</b> | Provide information or link/reference on all the board committees established by the company. | The Company has an Audit Committee. |
|---|---|------------------|---|-------------------------------------|

**Recommendation 3.2.**

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|---|---|----------------------|---|--|
| 1 | Board establishes an Audit Committee to enhance the oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. | <b>COMPLIANT</b>     | Provide information or link/reference to a document containing information on the Audit Committee, including its functions.<br>Indicate if the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor. | Refer to the Company's Audit Charter   |
| 2 | Audit Committee is composed of at least three appropriately qualified non-executive directors, majority of whom, including the Chairman is independent.   | <b>NON-COMPLIANT</b> | Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship   | For calendar year 2022, the Company has no independent directors and non-executive directors. On February 9, 2023, the Company has already appointed 2 independent directors and 1 non-executive director who will form part of the Audit Committee. The Chairman of the Audit Committee is also an Independent Director |
| 3 | All members of the committee have the relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.  | <b>COMPLIANT</b>     | Provide information or link/reference to a document containing information on the background, knowledge skills, and/or experience of the members of the Audit Committee   | The members of the Audit Committee have the relevant background, knowledge, skills and/or experience in accounting, auditing and finance.  |
| 4 | The Chairman of the Audit Committee is not the Chairman of the Board or any other committee.  | <b>COMPLIANT</b>     | Provide information or link/reference to a document containing information on Chairman of the Audit Committee   | The Chairman of the Audit Committee is not the Chairman of the Board. The Company has no other Board-level Committee apart from the Audit Committee.   |



| Recommendation 3.3. |  |                       |  |  |
|---------------------|--|-----------------------|--|--|
| 1                   | Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formally assigned to a Nomination and Remuneration Committee. | <b>COMPLIANT</b>      | Provide information or link/reference to a document containing information on the Corporate Governance Committee, including its functions.<br><br>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable. | The tasks of the Corporate Governance Committee are currently included in the coverage of the Audit Committee        |
| 2                   | Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors   | <b>NOT APPLICABLE</b> | Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship   | The Company does not have a Corporate Governance Committee   |
| 3                   | Chairman of the Corporate Governance Committee is an independent director.   | <b>NOT APPLICABLE</b> | Provide information or link/reference on the Chairman of the Corporate Governance Committee  | The Company does not have a Corporate Governance Committee   |
| Recommendation 3.4. |  |                       |  |  |
| 1                   | Board establishes a separate Risk Oversight Governance Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.                           | <b>NOT APPLICABLE</b> | Provide information or link/reference to a document containing information on the Risk Oversight Committee, including its functions.   | The risk profile of the Company does not require the establishment of a separate Risk Oversight Governance Committee |
| 2                   | BROC is composed of at least three members, majority of whom should be independent directors, including the Chairman.  | <b>NOT APPLICABLE</b> | Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship   |  |
| 3                   | Chairman of the BROC is not the Chairman of the Board or of any other committee.   | <b>NOT APPLICABLE</b> | Provide information or link/reference on the Chairman of the BROC  |  |



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| 4                          | At least one member of the BROC as relevant thorough knowledge and experience on risk and risk management.   | <b>NOT APPLICABLE</b> | Provide information or link/reference to a document containing information on the background, knowledge skills, and/or experience of the members of the BROC   |  |
| <b>Recommendation 3.5.</b> |  |                       |  |  |
| 1                          | Board establishes a Related Party Transactions Committee (RPT) which is tasked with reviewing all material related party transactions of the company.  | <b>NON-COMPLIANT</b>  | Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.   | For calendar year 2022, the Company has no RPT Committee. The Company plans to include the functions of the RPT Committee in the scope of the Audit Committee. |
| 2                          | RPT is composed of at least three members, majority of whom should be independent, including the Chairman  | <b>NON-COMPLIANT</b>  | Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship  | For calendar year 2022, the Company has no RPT Committee. The Company plans to include the functions of the RPT Committee in the scope of the Audit Committee. |
| <b>Recommendation 3.6.</b> |  |                       |  |  |
| 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>      | Provide information or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes. | The Company only has an Audit Committee that is covered by an Audit Charter  |
| 2                          | Committee Charters provide standards for evaluating the performance of the Committees.   | <b>COMPLIANT</b>      |  |  |

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| 3 | Committee Charters were fully disclosed on the company's website | <b>NON-COMPLIANT</b> | Provide information on or link/reference to the company's website where the Committee Charters are disclosed. | The Audit Charter will be published in the company's website by the end of Q4 2023. |
|---|--|----------------------|---|---|

**Principle 4:** To show full commitment to the company, the directors should devote 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.**

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| 1 | The Directors attends and actively participates 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> | Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.<br>Provide information or link/reference to a document containing information on the attendance and participation of | Section 4 of Article III of the Company's By-Laws provides that the meeting of the Board of Directors may be in person or conference telephone or by other communication equipment.                                     |
| 2 | The directors review meeting materials for all Board and Committee meetings.   | <b>COMPLIANT</b> | directors to Board, Committee and shareholders' meetings.  | Per the Company's Corporate Governance Manual, the Directors are expected to devote sufficient time to familiarize themselves with the Corporation's business including reviewing the materials for all Board meetings. |
| 3 | The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.  | <b>COMPLIANT</b> | Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors  |   |

**Recommendation 4.2.**

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| 1 | Non-executive directors concurrently service as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposal/views, | <b>COMPLIANT</b> | Disclose if the company has a policy setting limit of board seats that a non-executive director can hold simultaneously.<br>Provide information or link/reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies. | The 3 non-executive directors are concurrently serving as Directors for only 2 ICREs, this Company and its affiliate Cebuana Lhuillier Insurance Solutions Inc. |
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|   | and oversee the long-term strategy of the company.   |                      |   |  |
| <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>     | Provide a copy of the written notification to the board or minutes of board meeting wherein the matter was discussed.           |  |
| <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>NON-COMPLIANT</b> | Provide information or link/reference to a document containing information on the number of independent directors in the board. | For 2022, the Company has no Independent Directors. The Company appointed Independent Directors on February 9, 2023. |
| <b>Recommendation 5.2.</b>  |  |                      |   |  |
| 1   | The independent director possesses all the necessary qualifications and none of the disqualifications to hold the position.        | <b>COMPLIANT</b>     | Provide information or link/reference to a document containing information on the qualifications of the independent directors.  | The Company's Corporate Governance Manual provides for the requirements of the Independent Director                  |

| Recommendation 5.3. |   |                      |  |   |
|---------------------|---|----------------------|--|---|
| 1                   | <p>The independent director serves for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term 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 effectiveness of this Circular shall not be included in the application of the term limit prescribed in this item.</p> | <b>COMPLIANT</b>     | Provide information or link/reference to a document showing the years IDs have served as such.   | The Company's Corporate Governance Manual provides for a maximum cumulative term of nine years for the Independent Directors.   |
| 2                   | The company bars an independent director from serving such capacity after the term of nine years  | <b>COMPLIANT</b>     | Provide information or link/reference to a document containing information on the company's policy on the term limits for its independent director                     | The Company's Corporate Governance Manual provides for a maximum cumulative term of nine years for the Independent Directors.   |
| 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 seek shareholders' approval during the annual shareholders' meeting.   | <b>COMPLIANT</b>     | Provide proof of submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting. | The Company's Corporate Governance Manual provides that in case the Company retains the Independent Director in same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting. |
| Recommendation 5.4. |   |                      |  |   |
| 1                   | The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.  | <b>NON-COMPLIANT</b> | Identify the company's Chairman of the Board and Chief Executive Officer   | Mr. Jean Henri D. Lhuillier is both the Chairman and the Chief Executive Officer  |



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| 2                          | The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.   | <b>COMPLIANT</b>     | Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of the Chairman and CEO. | The Company's By-Laws and the Corporate Governance Manual contains the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.   |
| <b>Recommendation 5.5.</b> |  |                      |   |   |
| 1                          | If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.   | <b>NON-COMPLIANT</b> | Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if the Chairman is independent.                            | For calendar year 2022, the Company has no Lead Independent Director. The Company appointed a Lead Director among its Independent Directors on February 9, 2023.  |
| <b>Recommendation 5.6.</b> |  |                      |   |   |
| 1                          | Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.   | <b>COMPLIANT</b>     | Provide proof of abstention, if this was the case.  |   |
| <b>Recommendation 5.7.</b> |  |                      |   |   |
| 1                          | The non-executive directors (NEDs) have separate periodic meetings with the external auditor or 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. | <b>COMPLIANT</b>     | Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.  | For calendar year 2022, the Company does not have Non-Executive Directors. However, the Company's Corporate Governance Manual provides for Executive Sessions of Non-Executive Directors with the external auditor, heads of internal audit, compliance and risk functions without the executive directors present and the meeting will be chaired by the Lead Independent Director. The Company also appointed a Non-Executive Director on February 9, 2023. |
| 2                          | The meetings are chaired by the lead independent director.   | <b>COMPLIANT</b>     |   |   |

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

**Recommendation 6.1.**

|   |  |                      |   |   |
|---|--|----------------------|---|---|
| 1 | The Board conducts an annual assessment of its performance as a whole.                   | <b>NON-COMPLIANT</b> | Provide proof of annual assessments for the whole board, the individual members, the Chairman and the Committees. | For calendar year 2022, the Board does not conduct an annual assessment of its performance as whole, individually and the performance of the Chairman. However, the Company's Corporate Governance Manual and the BOD Charter provides for the procedure for the Board Assessment which will be implemented by the end of 2023. |
| 2 | The performance of the Chairman is assessed annually by the Board.                       | <b>NON-COMPLIANT</b> |   |   |
| 3 | The performance of the individual member of the Board is assessed annually by the Board. | <b>NON-COMPLIANT</b> |   |   |
| 4 | The performance of each committee is assessed annually by the Board.                     | <b>NON-COMPLIANT</b> |   | For calendar year 2022, the performance of the Audit Committee is not assessed by the Board. For 2023, the Board intends to conduct an assessment of the Audit Committee  |
| 5 | Every three years, the assessments are supported by external facilitator.                | <b>NON-COMPLIANT</b> | Identify the external facilitator and provide proof of use of an external facilitator                             | For calendar year 2022, there is no external facilitator.   |

**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>NON-COMPLIANT</b> | Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders. | The Board is in process of developing a system to provide for the minimum criteria and process to determine the performance of the Board, the individual directors and the board committees, and also the feedback mechanism from the Shareholders. |
| 2 | The system allows for a feedback mechanism from the shareholders  | <b>NON-COMPLIANT</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>     | Provide information on or link/reference to the company's Code of Business Conduct and Ethics.                         | The Company has a Code of Employee Conduct and Discipline.  |
| 2 | The Code is properly disseminated to the Board, senior management and employees.   | <b>COMPLIANT</b>     | Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees. | The Company disseminates its Code of Employee Conduct through its internal company website and mandatory trainings to employees                                 |
| 3 | The Code is disclosed and made available to the public through the company website.  | <b>NON-COMPLIANT</b> | Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed              | The Company's Code of Employee Conduct and Discipline is not posted in its public website. The company plans to post this in its public website by end of 2023. |

**Recommendation 7.2.**

|   |  |                  |  |   |
|---|--|------------------|--|---|
| 1 | Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | <b>COMPLIANT</b> | Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance | All employees are required to comply with the Company's Code of Employee Conduct and Discipline |
| 2 | Board ensures the proper and efficient implementation and monitoring of compliance with the company internal policies.           | <b>COMPLIANT</b> |  |   |



## Disclosure and Transparency

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical in accordance with best practices and regulatory expectations.

### Recommendation 8.1.

|   |  |                  |  |   |
|---|--|------------------|--|---|
| 1 | Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations. | <b>COMPLIANT</b> | Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders | The Company's Corporate Governance Manual under Article IV.A contains the Company Disclosure Policies and Procedures. |
|---|--|------------------|--|---|

### Recommendation 8.3.

|   |   |                  |  |  |
|---|---|------------------|--|--|
| 1 | Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | <b>COMPLIANT</b> | Provide information on or link/reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.    | The information on the Directors specifically on the share ownership and executive position are reflected in the Company's General Information Sheet. Moreover, the Company's Corporate Governance Manual also contains the policies on the Company Disclosure Policies and Procedures which provides that all relevant and material information on individual members and key executives to evaluate their experience and qualifications and assess 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> | Provide information on or link/reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. |  |



| 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 the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code     | COMPLIANT     | Disclose or provide link/reference to the company policy and practice for setting board remuneration.   | The Company's Corporate Governance Manual provides for the policies in setting Board remuneration.              |
| 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 the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code | COMPLIANT     | Disclose or provide link/reference to the company policy and practice for setting executive remuneration.   | The Company's Corporate Governance Manual provides for the policies in setting Executive remuneration.          |
| 3                   | Company disclosed the remuneration on an individual basis, including termination and retirement provisions   | COMPLIANT     | Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO   | Company wishes to keep confidential the remuneration details of its board members with respect to data privacy. |
| Recommendation 8.5. |  |               |   |   |
| 1                   | Company discloses its policies governing Related Party Transaction (RPTs) and other unusual or infrequently occurring transactions.  | NON-COMPLIANT | Disclose or provide link/reference to the company's RPT policies. Indicate the director with conflict of interest abstained from the board discussion on that particular transaction. | The Company in the process of creating an RPT policy which will be created by end of Q4 2023                    |

|                            |   |                      |  |   |
|----------------------------|---|----------------------|--|---|
| 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 in the annual stockholders' meeting during the year. | <b>NON-COMPLIANT</b> | Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:<br>1. Name of the related counterparty;<br>2. Relationship with the party;<br>3. Transaction date;<br>4. Type/nature of transaction;<br>5. Amount or contract price;<br>6. Terms of the transaction;<br>7. Rationale for entering into the transaction;<br>8. The required approval (i.e. names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and<br>9. Other terms and conditions |   |
| <b>Recommendation 8.7:</b> |   |                      |  |   |
| 1                          | Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).   | <b>COMPLIANT</b>     | Provide link to the Company's website where the Manual on Corporate Governance is posted.  | The Corporate Governance Manual contains its corporate governance policies, programs and procedures |
| 2                          | Company's MCG is posted in its company's website.   | <b>NON-COMPLIANT</b> |  | The Corporate Governance Manual is not yet published in the company's website.                      |

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance 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 auditor.                              | <b>COMPLIANT</b>      | Provide information on or link/reference on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. | The Audit Charter has a process of approving and recommending the appointment, reappointment, removal, and fees of the external auditor |
| 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.     | <b>COMPLIANT</b>      | Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor   | The Shareholders approve the appointment of the external auditor.   |
| 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. | <b>NOT APPLICABLE</b> | Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.  | The Company has not removed its external auditor.   |

**Recommendation 9.2.**

|   |   |                  |  |                                      |
|---|---|------------------|--|--------------------------------------|
| 1 | Audit Committee Charter includes the Audit Committee responsibility on:<br>i. assessing the integrity and independence of external auditors;<br>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and<br>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirement. | <b>COMPLIANT</b> | Provide link/reference to the company's Audit Committee Charter. | Refer to the Company's Audit Charter |
|---|---|------------------|--|--------------------------------------|

|  |  |                |   |  |
|--|--|----------------|---|--|
| 2  | Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.   | COMPLIANT      | Provide link/reference to the company's Audit Committee Charter.  | Refer to the Company's Audit Charter   |
| <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.   | COMPLIANT      | Disclose the nature of non-audit services performed by the external auditor, if any.  | No Non-audit Services Performed on the Company   |
| 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.                        | COMPLIANT      | Provide link/reference to guidelines or policies on non-audit services.   | No Non-audit Services Performed on the Company   |
| <b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b> |  |                |   |  |
| <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. | COMPLIANT      | Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues. | The Company's Corporate Governance Manual provides that the Company shall ensure that the material and reportable non-financial and sustainability issues are disclosed with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business which underpin sustainability. |
| 2  | Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.  | NOT APPLICABLE | Provide link to Sustainability Report, if any. Disclose the standards used.   | The Company currently does not have a Sustainability Report.   |



**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. The channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1.**

|   |  |                  |  |  |
|---|--|------------------|--|--|
| 1 | The Company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public. | <b>COMPLIANT</b> | Disclose and identify the communication channels used by the company (i.e. website, Analyst's briefing, Media briefings/press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any. | The Company has an official website. All supporting ACGR documents (i.e. company reports, announcements) shall be posted there.<br><br><a href="https://www.cebuanalhuillier.com/microinsurance/">https://www.cebuanalhuillier.com/microinsurance/</a> |
|---|--|------------------|--|--|

**Internal Control System and Risk Management Framework**

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

**Recommendation 12.1.**

|   |   |                  |  |   |
|---|---|------------------|--|---|
| 1 | Company has an adequate and effective internal control system in the conduct of its business. | <b>COMPLIANT</b> | List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system. | The Audit Services Division - Business Process Audit Department provides assurance and consulting (real-time assurance) services. The assurance service is performed, depending on the risk assessment of the process or unit, either once, twice, or thrice every three years. While the consulting (real-time assurance) service is performed when a new project or process will be implemented. We join the project team to check in real-time if controls were in place before implementation |
|---|---|------------------|--|---|

|                             |   |                  |  |  |
|-----------------------------|---|------------------|--|--|
| 2                           | Company has an adequate and effective enterprise risk management framework in the conduct of its business.  | <b>COMPLIANT</b> | <p>Identify international framework used for Enterprise Risk Management. Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes.</li> <li>2. Key risks the company is currently facing.</li> <li>3. How the company manages the key risks.</li> </ol> <p>Indicate frequency of review of the enterprise risk management framework.</p> | <p>The risk management process is based on ISO 31000 Risk Management Framework</p> <p>Risk identification - process of identifying, recognizing and describing risks.</p> <p>Risk analysis - process to comprehend the nature of risk and to determine the risk level.</p> <p>Risk evaluation - process of comparing the results of risk analysis with the company's risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable.</p> <p>Risk treatment - process to modify risk by removing the risk source; changing the likelihood; changing the consequences; transferring the risk to another party or parties or retaining if risk is acceptable.</p> <p>Risk monitoring - continual checking, supervising, critically observing or determining the status of risk and treatment plan in order to identify change from the performance level required or expected.</p> <p>Risk review - activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives.</p> <p>The risk management framework is reviewed annually.</p> |
| <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>COMPLIANT</b> | <p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify the external firm.</p>  | <p>The Internal Audit is in-house.</p>   |

| Recommendation 12.3. |   |                |  |  |
|----------------------|---|----------------|--|--|
| 1                    | The company has a qualified Chief Audit Executive (CAE) appointed by the Board.   | NON-COMPLIANT  | Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.                            | As of calendar year 2022, the Company does not have a Chief Audit Executive appointed by the Board. The Board plans to appoint a Chief Audit Executive by end of 2023.                                 |
| 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.   | NON-COMPLIANT  |  |  |
| 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. | NOT APPLICABLE | Identify qualified independent executive or senior management personnel, if applicable.  | The internal audit is not fully outsourced.  |
| Recommendation 12.4. |   |                |  |  |
| 1                    | The company has a separate risk management function to identify, assess and monitor key risk exposures.   | COMPLIANT      | Provide information on company's risk management function.   | Company has Risk Management Division which addresses existing and possible risk exposures  |
| Recommendation 12.5. |   |                |  |  |
| 1                    | In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is ultimate champion of Enterprise Risk Management (ERM).   | NON-COMPLIANT  | Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background. | The Company currently does not have a Chief Risk Officer appointed by the Board. However, the Company has an Enterprise Risk Management Division headed by a Division Head who is the champion for ERM |
| 2                    | CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.   | NON-COMPLIANT  |  |  |



### Cultivating a Synergic Relationship with Shareholders

**Principle 13:** To company should treat all the shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

#### Recommendation 13.1.

|   |  |                      |   |  |
|---|--|----------------------|---|--|
| 1 | Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | <b>COMPLIANT</b>     | Provide link or reference to the company's Manual on Corporate Governance where shareholder's rights are disclosed. | The Company's Corporate Governance Manual and By-Laws includes the basic shareholder rights.   |
| 2 | Board ensures that basic shareholder rights on the company's website.                            | <b>NON-COMPLIANT</b> | Provide link to company's website   | The Company plans to publish its Corporate Governance Manual which includes the basic shareholder rights which will be published in its website by end of Q4 2023. |

#### 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 | <b>COMPLIANT</b> | Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.<br>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.<br>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.<br>Provide link to the Agenda included in the company's Information Statement. | Per the Company's By-Laws, the notice for the Annual Stockholder's Meeting shall be sent at least 2 weeks prior to the date of the meeting with the Agenda. |
|---|--|------------------|---|---|

#### 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. | <b>COMPLIANT</b> | Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. | Company shall make the result of the votes taken during the most recent Annual or Special Shareholders' Meeting available the next working day. |
|---|---|------------------|---|---|

|                             |  |                      |   |   |
|-----------------------------|--|----------------------|---|---|
| 2                           | Minutes of Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting. | <b>NON-COMPLIANT</b> | <p>Provide link to the minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p> | Details of the company's shareholder and special meetings are not posted on the official website. These shall be made available for calendar year 2023. |
| <b>Recommendation 13.4.</b> |  |                      |   |   |
| 1                           | Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner                               | <b>NON-COMPLIANT</b> | Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.   | The Company will amend its By-Laws and the Corporate Governance Manual to include alternative dispute resolution to resolve intra-corporate disputes.   |
| 2                           | The alternative dispute mechanism is included in the company's Manual on Corporate Governance.   | <b>NON-COMPLIANT</b> | Provide link/reference to where it is found in the Manual on Corporate Governance.  | As above  |

## Duties to Stakeholders

**Principle 14:** To 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 company in creating wealth, growth and sustainability. | <b>COMPLIANT</b> | Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders. | CLIB's stakeholders are its parent company, customers, its employees, suppliers, service providers, counterparties and government regulators. Company adopts in its Manual, existing policies and programs which provide a mechanism on the fair treatment and protection of stakeholders and a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights. |
|---|--|------------------|---|--|

### Recommendation 14.2.

|   |  |                  |   |   |
|---|--|------------------|---|---|
| 1 | Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | <b>COMPLIANT</b> | Identify policies and programs for the protection and fair treatment of company's stakeholders. | Company adopts in its Corporate Governance Manual, existing policies and programs which provide a mechanism on the fair treatment and protection of stakeholders and a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights. |
|---|--|------------------|---|---|

### 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. | <b>COMPLIANT</b> | 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. Provide information on whistle blowing policy, practices and procedures for stakeholders. | Stakeholders can report to the details below: New Whistle blowing Channel Hotlines<br>Globe: 0927-4806297<br>Smart: 0960-258-7891<br>Alternatively, reports or disclosures may still be sent thru the following email address:<br><a href="mailto:whistleblowing@pilhuillier.co">whistleblowing@pilhuillier.co</a> |
|---|---|------------------|--|--|



**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> | Provide information on or link/reference to company policies, programs and procedures that encourage employee participation. | <p>Company adopted I.R.I.T.E.S., in its core values. This promotes employee engagement in support of the organization's objectives. Employees are guided by company policies which serve as roadmap for day-to-day operations</p> <p>Innovation - application of solutions to market needs<br/> Respect - to customers and different stakeholders<br/> Integrity - act with honesty and integrity<br/> Teamwork - collaborative effort<br/> Excellence - execution beyond the expected<br/> Social Responsibility - take responsibility on impact to social welfare ; CSR Programs</p> |
|---|---|------------------|--|--|

**Recommendation 15.2.**

|   |  |                  |  |  |
|---|--|------------------|--|--|
| 1 | Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct | <b>COMPLIANT</b> | Provide information on or link/reference to company policies, programs and practices on anti-corruption. | The Company's Code of Employee Conduct Discipline includes penalties for offenses that violate the Company's anti-corruption stand |
| 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> | Identify how the board disseminated the policy and program to employees across the organization          | The Company disseminates its Code of Employee Conduct and Discipline through its internal website and mandatory trainings          |

| Recommendation 15.3.   |   |           |   |   |
|--|---|-----------|---|---|
| 1  | Board establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.  | COMPLIANT | Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.<br><br>Indicate if the framework includes procedures to protect the employees from retaliation. | Whistle blowing Channel Hotlines<br>Globe: 0927-4806297<br>Smart: 0960-258-7891<br>Alternatively, reports or disclosures may still be sent thru the following email address:<br>whistleblowing@pjlhuillier.com.   |
| 2  | Board establishes a suitable framework for whistle blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle blowing concerns   | COMPLIANT | Provide contact details to report any illegal or unethical behavior.  |   |
| 3  | Board supervises and ensures the enforcement of the whistle blowing framework.  | COMPLIANT | Provide information on how the board supervised and ensured enforcement of the whistle blowing framework, including any incident of whistle blowing   |   |
| <b>Principle 16:</b> 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. | COMPLIANT | Provide information or reference to a document containing information on the company's community involvement and environment-related programs   | <p>The company is involved in various community initiatives such as financial wellness, education, and disaster resilience programs.</p> <p>Cebuana Lhuillier's annual Disaster Resilience Forum aims to continue the ongoing discussions on various multi-sectors' initiatives and efforts in building disaster resilient communities.</p> <p>Alternative Learning System (ALS), along with three other initiatives that emphasize the value of education —</p> <p>Nationwide Scholarship Program, Spiritual and Social Enhancement Program, and Special Projects on Education. ALS provides Academic, Livelihood, Spiritual and Social Education to former out-of-school youth and adults in the elementary and secondary levels.</p> |

## 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 Makati on the 28th of April 2023.

Jean Henri D. Lhuillier  
**CHAIRMAN OF THE BOARD**

Signature over printed name

Maria Rosario E. Ereño  
**CORPORATE SECRETARY**

Signature over printed name

Maria Rodora E. Banares  
**INDEPENDENT DIRECTOR**

Signature over printed name

Jean Henri D. Lhuillier  
**PRESIDENT/CEO**

Signature over printed name

Pablo C. Samson II  
**CORPORATE GOVERNANCE  
COMPLIANCE OFFICER**

Signature over printed name

Francisco S.A. Sandejas  
**INDEPENDENT DIRECTOR**

Signature over printed name

**SUBSCRIBED AND SWORN** to before me this 12 MAY 2023 day of May, 2023, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

| NAME                       | ID NO.     | DATE/ PLACE ISSUED |
|----------------------------|------------|--------------------|
| 1. Jean Henri D. Lhuillier | ██████████ |                    |
| 2. Maria Rosario E. Ereño  | ██████████ |                    |
| 3. Pablo C. Samson II      | ██████████ |                    |
| 4. Maria Rodora E. Banares | ██████████ |                    |
| 5. Francisco S.A. Sandejas | ██████████ |                    |
| 6.                         |            |                    |

**NOTARY PUBLIC**

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Series of 20 23 ;



Jaydee B. Legaspi-Buduan  
ATTY. JAYDEE JUSTINE B. LEGASPI-BUDUAN  
Notary Public for Makati City  
Appointment No. M-086  
Valid until December 31, 2023  
7th floor P.J.L Corporate Center 1782 N. Garcia  
corner Candelaria Streets, Makati City  
Roll of Attorneys No. 52580  
IBP Receipt No. 259158, 1/03/2023, Quezon City  
PTR No. 9568258/ January 5, 2023 / Makati City  
MCLE Compliance No. VII-0005044 / April 14, 2025