

TULUNGAN MUTUAL BENEFIT ASSOCIATION

		ANNUAL CORPORATE GOVERNANCE REPORT		EXPLANATION	
		COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION		
The Board's Governance Responsibilities					
Principle 1: The company should be headed by a compliant 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.					
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 seven (7) members of the Board of Trustees complies the qualifications required. Ref: 1) Articles of Incorporation and By-Laws 2) Corporate Governance Manual			
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				
Recommendation 1.2					
1. Board is composed of a majority of non-executive directors.	Compliant	The seven (7) BOT are composed of five (5) Regular and two (2) Independent. Ref:Corporate Governance Manual-Board Structure			
Recommendation 1.3					
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	To be familiarized with their duty, it is required to attend the AMLA & Good Governance Training or its equivalent. Ref: Corporate Governance Manual			

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	All new BOT are required for the BOT orientation meeting before they take oath. The Corporate Governance is also discussed. They are also required to attend seminars as per approval of the BOT.	
3. Company has relevant annual continuing training for all directors.	Compliant	Ref: Corporate Governance Manual- Orientation of New Board of Trustees	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	There is a fair requirement as to the qualifications of BOT. The Nomination Committee is strictly following the process. Ref: Corporate Governance Manual- Board Composition and Qualifications	
Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	Compliant	In the BOT composition, Corporate Secretary is part of the Officers of the BOT.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	As required, the Compliance Officer is at least the Vice President. Ref: Corporate Governance Manual	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant		Corporate Secretary is part of the Officers of the BOT. Ref. Corporate Governance Manual
4. Corporate Secretary attends training/s on corporate governance.	Compliant	All new BOT are required for the BOT orientation meeting before they take oath. The Corporate Governance is also discussed. They are also required to attend seminars as per approval of the BOT. Ref: Corporate Governance Manual	

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	In the BOT composition, Corporate Secretary is part of the Officers of the BOT.	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	As required, the Compliance Officer has a rank of the Vice President or an equivalent.	
3. Compliance Officer is not a member of the board.	Non-Compliant	Ref: Corporate Governance Manual	The Association cannot afford to hire a separate Compliance Officer.
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	<p>The Compliance Officer is the Vice President of the BOT where Corporate Governance Seminar is part of the requirements.</p> <p>Ref: Corporate Governance Manual</p>	

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.	Compliant	<p>The BOT hold their Regular, Special and Emergency Meetings.</p> <p>Ref: Corporate Governance Manual-Duties and Responsibilities</p>	

Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The BOT are responsible for overseeing the operation of the Association.</p> <p>Ref: Corporate Governance Manual-Duties and Responsibilities</p>	
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		

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	The current President of the Association is Ms. Cristina L. Tamayo. She is a Bank Manager by Profession for 30 years. Ref: Tulungan MBAI website – Board of Trustees	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The Board is responsible for ensuring effective succession program for BOT. The Advisory Board of Trustees is also at close watch on it.	
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant	Ref: Corporate Governance Manual-Duties and Responsibilities	Due to current financial capability of the Association, there is no provision for the Board of Trustees retirement.
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	The Board of Trustees shall not receive any amount of compensation or remuneration for services rendered in the Associations. Ref: Corporate Governance Manual	
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	The Nomination and Election Committee are in-charge to oversee the whole process for election of New Board of Trustees or appointment of Officers. Ref: Corporate Governance Manual - - Rights of Members - Board Composition - Board Qualification - Nomination and Election Committee	
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 Trustees are responsible for overseeing the operation of the Association especially the Related Party Transactions. Ref: Corporate Governance Manual - Related Party Transaction	
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 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Internal Audit of Tulungan MBAI composed of Independent BOT.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Ref: Corporate Governance-Internal Auditor	
3. Board approves the Internal Audit Charter.	Compliant	Ref: Corporate Governance	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The Board of Trustees are responsible for approving and overseeing the associations policies, procedure and corporate governance.	
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	Ref: Corporate Governance Manual-Governance Structure	
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.	Non-Compliant	In the absence of Board Charter, the Advisory Board guide the Board of Trustees in the performance of their functions.	Ref: Corporate Governance Manual -Governance Structure -Advisory Board
2. Board Charter serves as a guide to the directors in the performance of their functions.	Non-Compliant		
3. Board Charter is publicly available and posted on the company's website.	Non-Compliant		

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 specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>This is part of Audit Committee function.</p> <p>Ref: Corporate Governance Manual -Governance Structure</p>	
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Recommendation 3.2

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.	Compliant	<p>Ref: Corporate Governance Manual -Governance Structure -Board Committee</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The Audit Committee is composed of two (2) Independent BOT and one (1) Regular Trustee.</p> <p>Ref: Corporate Governance Manual - Board Committee Tulungan MBAI Website - Current Board of Trustees</p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant		
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>All of the Committee of the Board of Trustees requires at least one (1) Independent BOT Member</p> <p>Ref: Amended By-Laws -Article VI/VII</p>	

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 formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p>The function belongs to Remuneration and Review Committee.</p> <p>Re: Corporate Governance Manual - Remuneration and Review Committee</p>	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Compliant	<p>The function belongs to Remuneration and Review Committee.</p> <p>Ref: Corporate Governance Manual - Remuneration and Review Committee</p>	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>The function belongs to Remuneration and Review Committee.</p> <p>Ref: Corporate Governance Manual Remuneration and Review Committee</p>	
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	<p>The function belongs to Oversight and Review Committee.</p> <p>Ref: Corporate Governance Manual Oversight and Review Committee</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The function belongs to Oversight and Review Committee.</p> <p>Ref: Corporate Governance Manual</p>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant		

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	The function belongs to Oversight and Review Committee. Ref Corporate Governance Manual Oversight and Review	
Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The function belongs to Oversight and Review Committee. Ref: Corporate Governance Manual Oversight and Review	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	The function belongs to Oversight and Review Committee. Ref: Corporate Governance Manual Oversight and Review	
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Ref: Corporate Governance Manual -Governance Structure -Internal Audit	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	Ref: Corporate Governance Manual -Governance Structure -Internal Audit	
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 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.	Compliant	<p>Ref: Corporate Governance Manual</p> <p>-Governance Structure</p> <p>-Board Meetings</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>Ref: Corporate Governance Manual</p> <p>-Governance Structure/Board Meetings</p>	
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>Ref: Corporate Governance Manual</p> <p>-Governance Structure</p> <p>-Board Meetings</p>	
Recommendation 4.2			
1. Non-executive directors concurrently serve 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 proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Ref: Tulungan MBAI Website</p> <p>Board of Trustees</p>	
Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	<p>Ref: Corporate Governance Manual</p> <p>-Governance Structure</p>	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	Ref: Corporate Governance Manual -Governance Structure -Board of Trustees	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Ref: Corporate Governance Manual -Governance Structure -Board of Trustees	
Recommendation 5.3			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>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.</p> <p>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.</p>	Compliant	Ref: Corporate Governance Manual -Governance Structure -Board of Trustees	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Ref: Corporate Governance Manual -Governance Structure -Board of Trustees	

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.	Compliant	Ref: Corporate Governance Manual -Governance Structure	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Ref: Corporate Governance Manual -Governance Structure	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Ref: Corporate Governance Manual -Governance Structure	
Recommendation 5.5			
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.	Compliant	Ref: Corporate Governance Manual Organizational Structure	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	Ref: Corporate Governance Manual Board Meetings Code of Discipline	

Recommendation 5.7

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 directors present to ensure that proper checks and balances are in place within the corporation.	Compliant	<u>Ref: Corporate Governance Manual</u> <u>Board Meetings</u> <u>Duties, Functions and Responsibilities</u> <u>of the Board</u>	
2. The meetings are chaired by the lead independent director.	Compliant		

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. The Board conducts an annual assessment of its performance as a whole.	Compliant	<u>Ref: Corporate Governance Manual</u> <u>Board Self Assessment</u>	
2. The performance of the Chairman is assessed annually by the Board.	Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant		
4. The performance of each committee is assessed annually by the Board.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non - Compliant		This Corporate Governance Manual was just approved and compliance of this recommendation be applied.

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.	Compliant	Ref: Corporate Governance Manual Governance Structure	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
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.	Compliant	Ref: Corporate Governance Manual Code of Discipline	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Ref: Corporate Governance Manual Code of Discipline	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Ref: Corporate Governance Manual Code of Discipline	

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant		
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Ref: Corporate Governance Manual Code of Discipline	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and 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 gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	
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.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	

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.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	
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.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	
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 Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Ref: Corporate Governance Manual Disclosure and Transparency	

<p>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.</p>	<p>Compliant</p>	<p>Ref: Corporate Governance Manual Disclosure and Transparency</p>	
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Recommendation 8.7			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>Ref: Corporate Governance Manual Disclosure and Transparency</p>	
<p>2. Company's MCG is posted on its company website.</p>	<p>Compliant</p>		

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	Ref: Corporate Governance Manual Internal Audit	
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	Ref: Corporate Governance Manual Internal Audit	
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	Ref: Corporate Governance Manual Internal Audit	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> 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. 	Compliant	Ref: Corporate Governance Manual Internal Audit	
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	Ref: Corporate Governance Manual Internal Audit	

Recommendation 9.3			
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	Ref: Corporate Governance Manual Internal Audit	
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	Ref: Corporate Governance Manual Internal Audit	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
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	Ref: Corporate Governance Manual Stakeholders	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Ref: Corporate Governance Manual Stakeholders	

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

Recommendation 11.1

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| 1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public. | Compliant | Tulungan MBAI Website
www.tulunganmbainc.com | |
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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

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| 1. Company has an adequate and effective internal control system in the conduct of its business. | Compliant | Ref: Corporate Governance Manual
Internal Audit | |
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2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Ref: Corporate Governance Manual Internal Audit	
Recommendation 12.2			
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.	Compliant	Ref: Corporate Governance Manual Internal Audit	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non Compliant		Due to Associations current financial
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		Conditions, the recommendations for Chief Audit Executive cannot be complied.

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.	Non Compliant		The association maximize the function of the Audit Committee to do the task due to associations current financial capacity.
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Ref: Corporate Governance Manual Internal Audit	
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).	Compliant	Ref: Corporate Governance Manual Internal Audit	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	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.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Ref: Amended Articles of Incorporation Rights of Members	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Ref: Amended Articles of Incorporation Rights of Members	
Recommendation 13.2			

<p>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.</p>	<p>Compliant</p>	<p>Ref: Corporate Governance Manual Notice of AGM Meeting</p>	
Recommendation 13.3			
<p>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.</p>	<p>Compliant</p>	<p>Ref: Corporate Governance Manual Notice of AGM Meeting</p>	
<p>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.</p>	<p>Compliant</p>	<p>Ref: Corporate Governance Manual 2020 Minutes of AGM</p>	
Recommendation 13.4			

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant	Ref: Corporate Governance Manual Governance Structure Advisory Council	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Ref: Corporate Governance Manual 2020 Minutes of AGM	
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.	Compliant	Ref: Corporate Governance Manual Stakeholders	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Ref: Corporate Governance Manual Stakeholders	
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.	Compliant	Ref: Corporate Governance Manual Stakeholders	
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.	Compliant	Ref: Corporate Governance Manual Employees	
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.	Compliant	Ref: Corporate Governance Manual Employees	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Ref: Corporate Governance Manual Employees	
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	Ref: Corporate Governance Manual Employees	

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	Ref: Corporate Governance Manual Employees	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Ref: Corporate Governance Manual Employees	

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.	Compliant	Ref: Corporate Governance Manual Stakeholders Community of operations	
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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 _____ on the _____ of _____ 20___.

CHAIRMAN OF THE BOARD

Signature over printed name

PRESIDENT/CEO

Signature over printed name

CORPORATE SECRETARY

Signature over printed name

CORPORATE GOVERNANCE**COMPLIANCE OFFICER**

Signature over printed name

INDEPENDENT DIRECTOR

Signature over printed name

INDEPENDENT DIRECTOR

Signature over printed name

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20_____, 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.		
2.		
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