

May 22, 2026

HON. REYNALDO A. REGALADO
INSURANCE COMMISSIONER
Insurance Commission
1071 United Nations Avenue, Manila

ATTENTION: RECORDS SECTION

SUBJECT: SUBMISSION OF 2025 ANNUAL CORPORATE GOVERNANCE REPORT

Dear Commissioner Regalado,

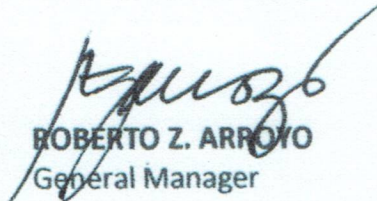
Greetings of Good Health!

We are respectfully submitting the 2025 ACGR in compliance with the reportorial requirements of the Insurance Commission.

Please note that the ACGR is without the signature of the Corporate Secretary, as the Corporation's duly appointed Corporate Secretary is currently out of the country and will not be able to return prior to the prescribed deadline for submission. In this regard, we have attached a Certification Under Oath as advised by the Corporate Governance Unit, duly signed by the President explaining the circumstances and confirming the unavailability of the Corporate Secretary.

We have also attached a printed screenshot of our email inquiry to the Corporate Governance Unit and their reply for your reference.

Thank you and regards,


ROBERTO Z. ARROYO
General Manager



Re: INQUIRY ABOUT ACGR SUBMISSION

From: Corporate Governance Unit <corpgovunit@insurance.gov.ph>
To: Omar B. Jordan <ojordan_hcd@uphmc.com.ph>
Cc: ROBERTO ARROYO <rarroyo_hcd@uphmc.com.ph>, bobarroyo@gmail.com <bobarroyo@gmail.com>, Corporate Governance Unit <corpgovunit@insurance.gov.ph>
Date: 2026-05-04 16:05

Dear Sir:

Relative your email dated 30 April 2026 seeking clarification on the procedure for certifying the Annual Corporate Governance Report when a required signatory is currently outside the country, please be advised that a certification under oath, stating the reasons for the non-signing of the required signatory duly attested by the Corporate Secretary or Company President, may be submitted in lieu of full compliance of the required certification.

For further inquiries you may contact 8523-8461 loc. 138.

Regards,

Anti-Money Laundering and Corporate Governance Division

Insurance Commission

(02)-85238461-70 loc. 138

This message contains information from Insurance Commission, that may be confidential and privileged. If you are not an intended recipient, please refrain from any disclosure, copying, distribution or use of the information and note that such actions are prohibited. If you have received this transmission in error, please notify the sender immediately by telephone or by replying to this transmission.

From: Omar B. Jordan <ojordan_hcd@uphmc.com.ph>
Sent: Thursday, April 30, 2026 4:35 PM
To: Corporate Governance Unit <corpgovunit@insurance.gov.ph>
Cc: ROBERTO ARROYO <rarroyo_hcd@uphmc.com.ph>; bobarroyo@gmail.com <bobarroyo@gmail.com>
Subject: INQUIRY ABOUT ACGR SUBMISSION

Dear Sir/Madam:

Greetings from HC&D!

I am writing to seek your guidance regarding the upcoming submission of the Annual Corporate Governance Report, which is due on May 30, 2026. One of the required signatories for this report, the Corporate Secretary, is currently out of the country and is not expected to return before the submission deadline.

In this regard, may we respectfully ask for your advice on the appropriate steps we should take to ensure timely compliance? Specifically, we would appreciate your direction on whether an alternative signatory may be designated, or if there are any acceptable interim measures we can adopt under these circumstances.

We aim to ensure that all requirements are met in accordance with existing policies and guidelines, and your guidance will be highly valuable in helping us proceed accordingly.

Thank you very much for your time and assistance. We look forward to your advice.

--

OMAR B. JORDAN

HC&D Compliance Officer

PRIVACY NOTICE: This email and any files transmitted with it are confidential and intended solely for the use of the individuals or entity to whom they are addressed. If you have received this email in error, please notify the sender immediately, delete and do not disseminate, distribute, print nor copy. Email transmission is not guaranteed to be secured or error-free as this could be intercepted, corrupted, lost, destroyed, delayed, incomplete, or contain virus or malware. The sender therefore will not accept liability for any errors or omissions in the contents of this message, as well as damage which might arise as a result of the transmission and of virus or malware. Please note that any views or opinions expressed in this email are solely those of the sender and do not necessarily represent those of the company or its owners.

REPUBLIC OF THE PHILIPPINES)
Las Pinas City) S.S.

CERTIFICATION UNDER OATH

I, **RICHARD ANTONIO M. TAMAYO**, of legal age, Filipino, and a resident of University of Perpetual Help DALTA Medical Center Compound, Pamplona Tres, Alabang-Zapote Road Las Pinas City, after having been sworn to in accordance with law, hereby depose and state that:

1. I am the duly elected and incumbent President of the **Health Care and Development Corporation of the Philippines**, doing business under the name and style of "HC&D HEALTH CARE" (the "Corporation" for brevity), an existing corporation organized under the laws of the Republic of the Philippines with address at UPHDMC Compound, Alabang-Zapote Road, Pamplona Tres, Las Pinas City.
2. I am authorized to execute this **Certification Under Oath** on behalf of the Corporation for purposes of compliance with the reportorial requirements of the Insurance Commission, particularly the submission of the Annual Corporate Governance Report (ACGR);
3. The duly appointed Corporate Secretary of the Corporation, **ANTHONY JOSE M. TAMAYO**, is currently out of the country;
4. Based on official information available to the Corporation, the Corporate Secretary will not be able to return to the Philippines on or before the prescribed deadline set by the IC for the submission of the ACGR on May 30, 2026;
5. Due to his absence, the Corporate Secretary is unable to personally sign and/or perform functions related to the submission of the ACGR within the required period;
6. This Certification is being executed to formally inform the IC of the foregoing circumstances and to support the Corporation's compliance, explanation, and/or any request relative to the submission of the ACGR;
7. This Certification is executed in good faith and with full responsibility for the truthfulness and accuracy of the statements herein, in accordance with existing laws, rules, and regulations of the IC.

IN WITNESS WHEREOF, I have hereunto set my hand on MAY 18 2026 at
LAS PINAS CITY

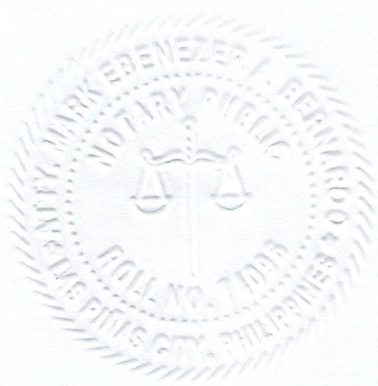

RICHARD ANTONIO M. TAMAYO
Affiant *jr*

(SIGNATURE AND NOTARY CERTIFICATION ON THE NEXT PAGE)

SUBSCRIBED AND SWORN TO BEFORE, a Notary Public for and in the City of Las Pinas, Metro Manila, this MAY 18 2026. Affiant, who is known to me, exhibited to me his TIN 255-120-909 and UMID CRN 0033-8369680-8, and avowed under penalty of law to the whole truth of the contents of the document he presented to me.

Doc. No. 451 ;
Page No. 92 ;
Book No. 1 ;
Series of 2026.

ju



ATTY. MARK EBENEZER A. BERNARDO
Notary Public for Las Piñas City until December 31, 2027
Notarial Commission No. LP-25-041
Attorney Roll No. 74096
IBP O.R INV No. 576050, PPLM, 12/29/2025
PTR OR No. 12945898 J, Las Piñas City, 01/05/2026
MCLE Exemption No. VIII- BEP002988 valid until April 14, 2028
ULAS Compliance No. N/A, pursuant to OCA Cir. No. 239-2025
UPHDMC, Pamplona III, Alabang-Zapote Road, Las Piñas City

ANNUAL CORPORATE GOVERNANCE REPORT OF
HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES
(Name of Company)

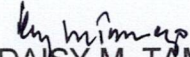
1. For the fiscal year ended **31 December 2025**
2. Certificate Authority Number **(SEC No. 92775)**
3. **PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization
4. **UPHDMC Compound, Alabang Zapote Road, Pamplona III, Las Pinas City 1740**
Address of principal office Postal Code
5. **(02) 8874 8515 locals 656, 657**
Company's telephone number, including area code
6. **www.hcd.com.ph**
Company's official website
7. **Taguig, Metro Manila (for amendment)**
Former name, former address, and former fiscal year, if changed since last report.

CERTIFICATION

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

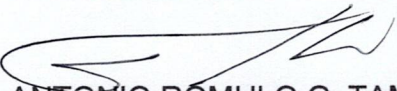
Signed in the City of Las Pinas on MAY 06 2026.


DR./BGEN ANTONIO L. TAMAYO
Chairman of the Board & CEO
TIN 132-477-942

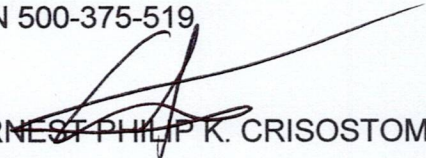

DR. DAISY M. TAMAYO
Treasurer/Director
TIN 132-477-984

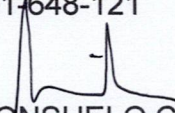
ANTHONY JOSE M. TAMAYO
Corporate Secretary/Director
TIN 199-022-006


RICHARD ANTONIO M. TAMAYO
President/Director
TIN 225-120-909


ANTONIO ROMULO G. TAMAYO
Director
TIN 500-375-519


RACHEL ANTONETTE G. TAMAYO
Director
TIN 501-648-121

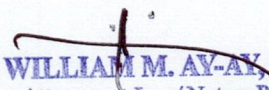

ERNEST PHILIP K. CRISOSTOMO
Director
TIN 248-714-575


MA. CONSUELO C. REYES
Director
TIN 154-824-488


OMAR B. JORDAN
Corporate Governance Compliance Officer
TIN 905-522-835

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in Las Pinas City, this MAY 06 2026, Affiants, who are known to me, exhibited to their respective valid government identification indicated below their names above, and who avowed under penalty of law to the whole truth of the contents of the instruments or document they presented to me.

Doc. No. 961 ;
Page No. 13 ;
Book No. IV ;
Series of 2026


ATTY. WILLIAM M. AY-AY, CPA, CDPO
Attorney-at-Law/Notary Public
Roll No. 84630
IBP No. 568515/ 12-20-2025/ Quezon City
PTR No. 8396900/ 01-05-2026/ Quezon City
MCLE Compliance No. VIII-0027229 until April 14, 2028
Admin Matters NP-197 2025-2026



ANNUAL CORPORATE GOVERNANCE REPORT

**COMPLIANT/
NON-COMPLIANT**

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long- term success 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	See "About Us" of the company website www.hcd.com.ph	See Biographical Data of the BOD
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. The Board is composed of a majority of non-executive directors.	Compliant	See "About Us" of the company website www.hcd.com.ph	Stated in the GIS, List of BODs
--	-----------	---	---------------------------------

Recommendation 1.3

1. The Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of Directors.	Compliant	See "About Us" of the company website www.hcd.com.ph	HC&D Corporate Governance Manual, page 18 (Provisions for Access and Accuracy of Information, Professional Training and Development)
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant		
3. Company has relevant annual continuing training for all directors.	Compliant		

Recommendation 1.4

1. Board has a policy on board diversity	Compliant	See "About Us" of the company website Manual on Corporate Governance, p.11	Provisions in the manual for Members of the Board for "appropriate membership mix or diversity taking into account the skills, representation, tenure, gender, age, and applicable experience." <ul style="list-style-type: none"> • Stated in the GIS: currently 3 female and 5 male • In the process of amending the Articles of Incorporation and By-Laws
--	-----------	---	---

Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	Compliant	<p>See "About Us" of the company website www.hcd.com.ph</p> <p>Provision in the Manual for the appointment of Corporate Secretary: "...should appoint a Corporate Secretary who shall be a Filipino Citizen capable of carrying out the duties to which the post entails and his removal shall be a matter for the entire Board to decide. He/she must not be a Member of the Board and must not be appointed as Compliance Officer."</p>	(As stated in the GIS): Anthony Jose M. Tamayo as Corporate Secretary; p. 17, par. H of the Duties and Responsibilities of the Corporate Governance Manual
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		p. 17, par. H of the Duties and Responsibilities of the CorGov Manual
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant (But compliant as far as the policy stated in the Manual)		p. 17, par. H of the Duties and Responsibilities of the CorGov Manual
4. Corporate Secretary attends training/s on corporate governance.	Compliant		As per amended Articles of Incorporation and By-Laws The Corporate Secretary attended a Corporate Governance Orientation Program – Advanced Corporate Governance Training 8 Hours (1 Day Seminar) on April 30, 2021
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>See "About Us" of the company website</p> <p>Provisions on the Manual of the CorGov Manual on the Appointment of Compliance Officer, pp.22-23</p>	New Compliance Officer was hired on August 8, 2025
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation	Compliant		The Compliance Officer is designated as the Asst. Vice President for Admin and Compliance
3. Compliance Officer is not a member of the board	Compliant		The Compliance Officer is not a Member of the Board
4. Compliance Officer attends training/s on corporate governance annually	Non-Compliant		Scheduled to attend a certification program for Compliance Officers from September 16 to October 28, 2026.

Establishing Clear Roles and Responsibilities of the Board

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 goodfaith, with due diligence and care, and in the best interest of the company	Compliant	CorGov Manual Corporate Principles and Governance Framework, pp. 2-3	The company is family owned. In the process of amending the Articles of Incorporation and By-Laws
--	-----------	--	---

Recommendation 2.2

1. Board oversees the development, review and approval of the company's nosiness objectives and strategy.	Compliant	CorGov Manual Corporate Principles and Governance Framework, pp. 2-3	The company is family owned. In the process of amending the Articles of Incorporation and By-Laws
2. Board oversees and monitors 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	See "About Us" of the company website	Biographical Data of the BOD with Anotnio L. Tamayo as the Chairman and CEO, Founder of the hospital and school (core businesses of the Tamayo Family)
--	-----------	--	---

Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	See link (www.hcd.com.ph)	Provisions on election/re-election are stipulated in the manual: par. C.3, p. 5; par F.2, p.14; and par F.6, p.18 Provision on permanent disqualification, last bullet, p. 14
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		

Recommendation 2.5

1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	See link (www.hcd.com.ph) Board Remuneration, p.17 of the CorGov Manual	As per amended Articles of Incorporation and By-Laws
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	See "About Us" of the company website www.hcd.com.ph	CorGov Manual, pp15-16 "If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board."
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		Provisions in the Manual on the Nomination Committee, p. 7; ongoing revision to include a policy on the nomination acceptance from minority shareholders.
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Non-Compliant		Provisions in the Manual on the Nomination Committee, p. 8
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		Provisions in the Manual on the Nomination Committee, pp. 7-8
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 are a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	See link (www.hcd.com.ph) Par C4, p. 4 of the CorGov Manual	HC&D undertakes to formulate a clearer Board approved RPT Policy
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	Non-Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non-Compliant		
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief	Compliant	Provisions on Corporate Principles, p.2; Executive Officers, p21 CorGov Manual	

Compliance Officer and Chief Audit Executive).			
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	See link (www.hcd.com.ph)	GOVERNANCE SYSTEM AND STRUCTURE “The Board is primarily responsible for approving and overseeing the implementation of the Company’s strategic objectives, risk strategy, corporate governance and corporate values, including the means to effectively monitor senior management’s performance.” p.4, CorGov Manual
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	See link (www.hcd.com.ph)	GOVERNANCE SYSTEM AND STRUCTURE “The Board is primarily responsible for approving and overseeing the implementation of the Company’s strategic objectives, risk strategy, corporate governance and corporate values, including the means to effectively monitor senior management’s performance.” p.4, CorGov Manual
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	See link (www.hcd.com.ph)	Provisions on INTERNAL CONTROL “The Board shall regularly review the system of ensuring adherence to key internal policies as well as to significant laws and regulations that may apply. An effective and comprehensive internal audit of the corporation’s internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and the senior management level of the corporation. “ p. 20, CorGov Manual
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant		
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	Compliant	See link (www.hcd.com.ph)	Provisions on Internal Control and Risk Management, pp. 20-21, CorGov Manual

risks.			
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		Provisions on Internal Control and Risk Management, pp 20-21; and Governance Framework, pp. 3-4, CorGov Manual
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	See link (www.hcd.com.ph)	Corporate Principles, p. 2, CorGov Manual
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	Compliant		

Establishing Board Committees

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	See link (www.hcd.com.ph)	The CorGov Manual provides for Regular Committees, pp. 7-11
---	-----------	---	---

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	See link (www.hcd.com.ph)	The CorGov Manual provides for Audit Committee, pp. 8-9 Would amend the Manual and By-Laws as necessary
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	See link (www.hcd.com.ph)	The CorGov Manual provides for Audit Committee, pp. 8-9 Would amend the Manual and By-Laws as necessary
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	See link (www.hcd.com.ph)	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	See link (www.hcd.com.ph)	

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.	Non-Compliant		All the regular Committee, The Board, and Officers with all their functions and duties generally comprise the commitment to sound corporate governance, based on the provisions on the Manual on corporate governance. However, a specific corporate
---	---------------	--	--

2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Non-Compliant		governance committee is yet to be formalized.
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant		
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	See link (www.hcd.com.ph) CorGov Manual	The Audit Committee shares some activities or functions for risk management, not to mention the specific provision of Risk Management (page 20) The Risk Committee (Monitoring and Assessment Provision, Page 20) is likewise recognized in the Manual but currently not included as part of the regular committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		2 independent directors were added and to be appointed as members of the BROC -- for amendment of the AOI and By-Laws.
3. The Chairman of the BROC is not the Chairman of the Board/other committee.	Compliant	See link (www.hcd.com.ph)	B.4 and B.5 of the CorGov Manual (page 6)
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		Pending attendance to formal relevant trainings
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.	Non-Compliant		On the process of structuring; to be included in the amendment of AOI (RPT Committee and board appointments)
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Non-Compliant		
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations,	Non-Compliant		In the process of establishing the committee charters.

reporting process, resources and other relevant information.			In the process of establishing the committee charters.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant		
3. Committee Charters were fully disclosed on the company's website.	Non-Compliant		

Fostering Commitment

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission	Compliant	See link (www.hcd.com.ph)	Stated in the Articles of Incorporation and By-Laws
2. The directors review meeting materials for all Board and Committee meetings	Compliant	See CorGov Manual on (www.hcd.com.ph)	Corporate Principles and Governance Framework, pp. 2-4
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant		

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.	Non-Compliant		On the process of structuring
--	---------------	--	-------------------------------

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	See CorGov Manual on (www.hcd.com.ph)	Provisions on the Nomination Committee including its guidelines for nomination (p. 8)
--	-----------	---	---

Reinforcing Board Independence

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

<p>1. The Board is composed of at least twenty percent (20%) independent directors.</p>	<p>Compliant</p>	<p>See CorGov Manual on (www.hcd.com.ph)</p>	<p>The Corporation shall have such number of Independent Directors that constitute at least twenty percent (20%) of the members of the Board of Directors, but in no case be less than two (2) provided that any fractional result from applying the required minimum portion, i.e, 20%, shall be rounded up to the nearest whole number. (page 14)</p> <p>Current mix : 5 directors and 2 independent directors</p>
---	------------------	--	--

Recommendation 5.2

<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>Compliant</p>	<p>See CorGov Manual on (www.hcd.com.ph)</p>	<p>Provision on Independent Directors, pp.14-15</p>
--	------------------	--	---

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>	<p>Compliant</p>	<p>See CorGov Manual on (www.hcd.com.ph)</p>	<p>Provision on Independent Directors, pp.14-15</p>
---	------------------	--	---

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant		
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		
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Non-Compliant	See CorGov Manual on (www.hcd.com.ph)	For amendment of the Articles Of Incorporation and By-Laws to be compliant. Antonio L. Tamayo – Chairman & CEO
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant		Manual provides for separate provisions for the Chairman (p. 22 & 26) and CEO (p. 10)
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.	Non-Compliant		For amendment in the Articles of Incorporation and By-Laws. There is a provision in B.5 (page 6). Chairman is not independent (Antonio L Tamayo, Founder and Owner)
Recommendation 5.6			
2. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	See CorGov Manual on (www.hcd.com.ph)	Directors, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He shall avoid situations that would compromise impartiality. (page 15)

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.	Non-Compliant		For amendment in the Articles of Incorporation and By-Laws
2. The meetings are chaired by the lead independent director.	Non-Compliant		

Assessing Board Performance

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 performance as a whole.	Non-Compliant		The organization is a family-owned company and all of the board members (except the 2 independent directors) are family members. Provisions on MONITORING AND ASSESSMENT. (page 24) Will amend the AOI and By-Laws as well as the Manual as necessary.
2. The performance of the Committees, the Chairman is assessed annually by the Board	Non-Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board	Non-Compliant		"The Chairman's performance is evaluated by non-executive Directors, taking into consideration the views of the executive Director. Non-executive Directors shall submit an accomplished Assessment Form of the Board Chairman (Annex A) to the Governance Committee". (pp. 27-28) Each Board Committee shall report regularly to the Board and the latter shall conduct an annual evaluation of the former's performance through self-assessment by the individual Director of their respective individual performance, the performance of their Board Committee to which they belong, and the Board as a whole through the accomplishment of Self-Assessment Forms. (pp. 27-28) For amendment of the Articles Of Incorporation and By-Laws to be compliant
4. The performance of each committee is assessed annually by the Board.	Non-Compliant		
5. Every three years, the assessments are supported by an external facilitator	Compliant		Compliant based on the 3-year schedule

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	Non-Compliant		HC&D to formulate a system to comply.
2. The system allows for a feedback mechanism from the shareholders	Non-Compliant		Will amend the Manual as necessary

Strengthening Board Ethics

Principle 7: Members of the Board are duty-bound to apply high ethical standard, 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	See CorGov Manual on (www.hcd.com.ph)	Provision on the Policy to promote and adhere to Code of Conduct and Ethics (p. 24)
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		A more comprehensive Code of Conduct and Ethics is continuously being developed
3. The Code is disclosed and made available to the public through the company website	Compliant		The Code of Conduct is part of the CorGov Manual (pp. 23-24) which is already posted in the website.

Recommendation 7.2

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics	Compliant	See CorGov Manual on (www.hcd.com.ph)	Provision on the Policy to promote and adhere to Code of Conduct and Ethics (page 24)
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies	Compliant		To formulate a more comprehensive Code of Conduct and Ethics.

Enhancing Company Disclosure Policies and Procedures

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/stakeholders that give a fair and complete picture of the company's financial condition, results and business operations.	Compliant	See CorGov Manual on (www.hcd.com.ph)	Provisions on REPORTORIAL AND DISCLOSURE SYSTEM (page 25)
---	-----------	---	---

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		The organization is a family-owned company and all of the board members are family members. To formulate a more comprehensive Code of Conduct and Ethics.
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		

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	See CorGov Manual on (www.hcd.com.ph)	"Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off-balance sheet transactions." (page 25)
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	Compliant		

Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.			
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions	Compliant		
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions	Non-Compliant		For amendment of the Articles Of Incorporation and By-Laws to be compliant.
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	Non-Compliant		
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	See CorGov Manual on www.hcd.com.ph	
2. Company's MCG is posted on its company website	Compliant		

Strengthening the External Auditor's Independence and Improving Audit Quality

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.	Non-Compliant		Appointment of the audit committee upon approval of the amended articles of incorporation from the SEC
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	Non-Compliant		
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant		For compliance when required

Recommendation 9.2

1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> a. assessing the integrity and independence of external auditors; b. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and c. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Non-Compliant		HC&D to establish an Audit Committee upon approval of the amended Articles of Incorporation from the SEC
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Non-Compliant		

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.	Non-Compliant		
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.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply

Increasing Focus on Non-Financial and Sustainability Reporting

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.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		

Promoting a Comprehensive and Cost-Efficient Access to Relevant Information

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

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	www.hcd.com.ph	
--	-----------	--	--

Strengthening the Internal Control System and Enterprise 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.	Compliant	See CorGov Manual on (www.hcd.com.ph)	Provision on Internal Control and Risk Management (page 20)
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant		

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		In-house internal audit. (Services being shared by the Group of Companys.)
--	-----------	--	--

Recommendation 12.3

1. The company has a qualified Chief Audit Executive appointed by the Board	Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Audit is currently under the Office of the Chief Finance Officer as a shared service of the group
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	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.	Compliant		

Recommendation 12.4

1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		Appointment of a Chief Risk Officer who will champion Enterprise Risk Management is in the offing
--	---------------	--	---

Recommendation 12.5

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		Appointment of a Chief Risk Officer who will champion Enterprise <i>Risk Management</i>
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		

Cultivating a Synergic Relationship with Shareholders

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

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	See CorGov Manual on (www.hcd.com.ph)	Key financial information should be readily available to shareholders, policyholders, creditors and claimants. (page 20)
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant		For posting to company website once available and done. (www.hcd.com.ph)

Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant		
--	-----------	--	--

Recommendation 13.3

2. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day	Non-Compliant		HC&D will incorporate amendments to the Manual for these provisions.
3. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting	Non-Compliant		For posting to company website once available and done. (www.hcd.com.ph)

Recommendation 13.4

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant		HC&D will incorporate amendments to the Manual for these provisions.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant		

Duties to Stakeholders

Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholders' Rights

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		
---	-----------	--	--

Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	See CorGov Manual on (www.hcd.com.ph)	"Each director shall represent all shareholders and shall be in a position to participate independently and objectively." (page 18) *The organization is a family-owned company and all of the board members are family members.
---	-----------	---	---

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		The organization conducts annual stakeholders' meeting to address concerns about the organization.
--	-----------	--	--

Encouraging Employees' Participation

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	See CorGov Manual on (www.hcd.com.ph)	
--	-----------	---	--

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	See CorGov Manual on (www.hcd.com.ph)	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		

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.	Non-Compliant		HC&D will incorporate amendments to the Manual for these provisions.
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.	Non-Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework	Non-Compliant		

Encouraging Sustainability and Social Responsibility

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		The School and Hospital (Core Businesses of the Tamayo) are currently achieving these objectives as part of their operational activities
--	-----------	--	--