



Howden Insurance & Reinsurance  
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May 26, 2023

INSURANCE COMMISSION  
1071 United Nations Ave, Manila



To whom it may concern,

We are pleased to submit the following documents to comply with your requirements.

1. ~~TWO~~ (2) copies of Annual Corporate Governance Report of Howden Insurance And Reinsurance Brokers (Phil), Inc.
2. Copies of IDs of signatories

We trust you will find everything in order.

Very truly yours,

  
TERESITA C. MARTIN  
Vice President/Finance

**ANNUAL CORPORATE GOVERNANCE REPORT OF**  
**HOWDEN INSURANCE & REINSURANCE BROKERS (PHIL.), INC.**  
**(Name of Company)**

1. For the fiscal year ended ..... DECEMBER 31, 2022 .....
2. Certificate Authority Number ..... IB-26-2022-R .....
3. .... PHILIPPINES .....  
Province, Country or other jurisdiction of incorporation or organization
4. .... 5F, 111 PASEO DE ROXAS BLDG., PASEO DE ROXAS ..... 1229 .....  
COR. LEGASPI STREETS, MAKATI CITY .....  
Address of principal office ..... Postal Code
5. .... +632-8652 7403 .....  
Company's telephone number, including area code
6. .... www.howdenphilippines.com .....  
Company's official website
7. ....  
Former name, former address, and former fiscal year, if changed since last report.

ANNUAL CORPORATE GOVERNANCE REPORT			
COMPLIANT/ NON- COMPLIANT		ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<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:	Local board of directors were elected based on their integrity, industry knowledge, and professional expertise.
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	
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	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	
<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 type of their directorships	General Information Sheet 2022
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	Provide link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on training of directors.	Howden Broking Group (HBG) Principles of Business known as The Club Rules.

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	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.	Howden Broking Group (HBG) Principles of Business known as The Club Rules
3. Company has relevant annual continuing training for all directors.	Compliant		Howden Broking Group (HBG) Principles of Business known as The Club Rules
Recommendation 1.4			
1. Board has a policy on board diversity.	None	Provide information on or link/reference to a document containing information on the company's board diversity policy.  Indicate gender composition of the board.	Board of Directors are composed of 5 males
Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	Local entity's Corporate Secretary is Atty. Ma. Carmen Agcaoili-Orena
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		Lawyer
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
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 number of hours and topics covered.	Certificate of Compliance from the Supreme Court of the Philippines .  Completed thirty-six (36) units of compulsory legal education, which includes updates on Corporate/Commercial Law.  Completed the required number of hours for mandatory continuing legal education for the latest period.

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	Local entity's Compliance Officer Teresita C. Martin, CPA
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		Vice President
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	2021 training - SEC Corporate Governance conducted by Deloitte Phils, 4 hours.  2022 - Corporate Governance conducted by IIAP
<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.			
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	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	For local entity, these are documented in the minutes of the meetings.
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 this function (can include board resolutions, minutes of meeting)	For local entity, these are documented in the minutes of the meetings.
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	For local entity, reviews are done regularly in the MANCOM meeting.

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. Goh Chye Huat, Regional CEO -HBG Holdings (Singapore) Pte Limited
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	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		Howden Insurance & Reinsurance Brokers Retirement Fund - administered by Banco de Oro
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	Performance & Remuneration Policy under the Employee 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		Deliberations being done at HBG level except for Independent Directors which are being done locally.

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or 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.  Provide proof if minority shareholders have a right to nominate candidates to the board.  Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	These are being done at HBG level.
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	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs  Identify transactions that were approved pursuant to the policy.	These are being done at HBG level.
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.  Identify the Management team appointed.	These are being done at HBG level.  for President & CEO, and Deputy CEO
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	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.  Provide information on the assessment process and indicate frequency of assessment of performance.	for President & CEO, and Deputy CEO
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.	Annual Performance Review Policy in the local Employee 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		Annual Performance Review Policy in the local Employee Manual

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 system is in place and what is included in the internal control system	These are being done at HGH level.
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		These are being done at HGH level.
3. Board approves the Internal Audit Charter.	Compliant	Provide reference or link to the company's Internal Audit Charter	These are being done at HGH level.
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	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	No specific rules to the recommendations but at HGH level, they created Financial Risk and Management Assurance ( FRMA) to cover this recommendation.
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 link to the company's website where the Board Charter is disclosed.	Howden Broking Group (HBG) Principles of Business known as The Club Rules
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		

**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	Provide information or link/reference to a document containing information on all the board committees established by the company.	Local entity - Management committee (MANCOM)
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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	Provide information or link/reference to a document containing information on the Audit Committee, including its functions.  Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	Audit Committee are formed at HGH level.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.		Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Audit Committee are formed at HGH level.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.		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.	Audit Committee are formed at HGH level.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.		Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	Audit Committee are formed at HGH level.

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	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions  Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	Corporate Governance Committee are formed at HGH level.
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.		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.	Corporate Governance Committee are formed at HGH level.
3. Chairman of the Corporate Governance Committee is an independent director.		Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	Corporate Governance Committee are formed at HGH level
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	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	No specific rules to the recommendations but at HGH level, they created Financial Risk and Management Assurance ( FRMA) to cover this recommendation.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.		Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	These are being done at HGH level.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.		Provide information or link/reference to a document containing information on the Chairman of the BROC	These are being done at HGH level.

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.		Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	These are being done at HGH level.
<b>Recommendation 3.5</b>			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	RPT are covered by HGH Finance, significant RPT - dividends and intercompany balances can be cross checked in Onestream portal.
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.		Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	Covered at HGH Level - Group Finance
<b>Recommendation 3.6</b>			
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	Provide information on 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.	These are being done at the HGH level.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		These are being done at the HGH level.
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed.	These are being done at the HGH level.
<b>Principle 4:</b> 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.			

<b>Recommendation 4.1</b>			
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>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>Directors' meetings are structured as follows:</p> <p>A. Call to Order B. Roll Call and Proof of Notice of Meeting C. Matters to Discuss D. Adjournment</p>
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		Annual Stockholders Meetings' agenda include "Reading of Minutes of the Previous Meeting"
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/ explanation sought by the directors.	Questions, clarifications and explanations are handled during the discussion of matters.
<b>Recommendation 4.2</b>			
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>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	Existing non-executive directors do not serve more than 5 ICREs
<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.	Compliant	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	Not taken up in the board meeting but it was indicated in the director's Biographical Data.

**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	Provide information or link/reference to a document containing information on the number of independent directors in the board.	2 (two) independent local directors out of 5 total number of local entity directors in the Board.
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**Recommendation 5.2**

1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	Biographical Data /submitted resume
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**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	Provide information or link/reference to a document showing the years IDs have served as such.	<table><thead><tr><th>Name</th><th>Date Qualified</th><th>How long a Director in the Firm</th></tr></thead><tbody><tr><td>Augusto L. Toledo II</td><td>4/15/2022</td><td>1 year</td></tr><tr><td>Hector R. Villanueva</td><td>3/11/2020</td><td>2 years</td></tr></tbody></table>	Name	Date Qualified	How long a Director in the Firm	Augusto L. Toledo II	4/15/2022	1 year	Hector R. Villanueva	3/11/2020	2 years
Name	Date Qualified	How long a Director in the Firm										
Augusto L. Toledo II	4/15/2022	1 year										
Hector R. Villanueva	3/11/2020	2 years										
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.										

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	Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.	No independent director is serving more than 9 years based on the effectivity of the circular.
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer.	Chairman - Mr. Goh Chye Huat President & CEO - Mr. Raul B. Tan
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	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 Chairman and CEO.	Chairman of the Board is responsible for the operations of all Asian countries including Howden Phils.  President & CEO is responsible for Howden Phils operations and reports to the Chairman of the Board  Not related
<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.	Compliant - Chairman & CEO are not held by one person	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.  Indicate if Chairman is independent.	No
<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.	No existing case/transaction	Provide proof of abstention, if this was the case.	No existing case/transaction.

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	Provide proof and details of said meeting, if any.  Provide information on the frequency and attendees of meetings.	These are taken up at the HGH level.
2. The meetings are chaired by the lead independent director.	Compliant		These are taken up at the HGH level.
<b>Principle 6:</b> 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	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman and the Committees.	These are taken up at the HGH level.
2. The performance of the Chairman is assessed annually by the Board.			These are taken up at the HGH level.
3. The performance of the individual member of the Board is assessed annually by the Board.			These are taken up at the HGH level.
4. The performance of each committee is assessed annually by the Board.			These are taken up at the HGH level.
5. Every three years, the assessments are supported by an external facilitator.		Identify the external facilitator and provide proof of use of an external facilitator.	These are taken up at the HGH level.

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	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.	Evaluation of performance for the executive directors and committees are covered under the employee manual, annual reviews are being done by the local entity
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
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	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	Refer to Employee Manual for local entity and The Club Rules from Group level.
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	Upon onboarding, the access on the manual is given for senior management and employees.  The Club rules from Group are also shared with them.
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	These are done at Group level.

<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	Annual Audited FS, Monthly reporting in Onestream portal.
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or 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.	These are done at the Group level.

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	Provide link or 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.	These are done at HGH level.
<b>Recommendation 8.4</b>			
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	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	These are done at HBG/Regional level.
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	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	These are done at HBG/Regional level.
3. Company discloses 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.	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	No for local entity	Disclose or provide reference/link to company's RPT policies  Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	RPT are covered by HGH Finance, significant RPT - dividends and intercompany balances can be cross checked in Onestream portal.

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.	No for local entity	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: <ol style="list-style-type: none"><li>1. Name of the related counterparty;</li><li>2. Relationship with the party;</li><li>3. Transaction date;</li><li>4. Type/nature of transaction;</li><li>5. Amount or contract price;</li><li>6. Terms of the transaction;</li><li>7. Rationale for entering into the transaction;</li><li>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</li><li>9. Other terms and conditions.</li></ol>	These are being done at HGH level and be cross checked to Onestream portal.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	These can be found in HBG's The Club Rules which was cascaded to local entity.
2. Company's MCG is posted on its company website.	No for local entity		These are being done at HGH level.
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	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	These are being done at HGH level
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	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	These are being done at HGH level.
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	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	These are being done at HGH level.
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	Provide link/reference to the company's Audit Committee Charter.	These are being done at HGH level.
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.	These are being done at HGH level.

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	Disclose the nature of non-audit services performed by the external auditor, if any.	These are being done at HGH level.
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 or reference to guidelines or policies on non-audit services.	These are being done at HGH level.
<b>Principle 10:</b> 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.	No for local entity	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	These are being done at HGH level.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used.	These are being done at HGH level.

**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	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.	Local entity website www.howdenphilippines.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**

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions.  Indicate frequency of review of the internal control system.	Review of operations, IT and financials.  Internal audit are conducted every 3-5 years by the HGH Audit committee.
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2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>Identify international framework used for Enterprise Risk Management.</p> <p>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>Existing in The Club Rules from HBG</p> <p>We have a local Risk Register that helps us manage our risks.</p> <p>Included in our risk management are Business Continuity Plan (BCP) and Disaster Recovery Planning (DRP).</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.	Compliant	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	This function is under the HGH level.
<b>Recommendation 12.3</b>			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	This is undertaken at the Group level.
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.	Yes	Identify qualified independent executive or senior management personnel, if applicable.	This function is under the Group level.
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Locally, yes	Provide information on company's risk management function.	We have a Risk Manager who has a degree in Electronics and Communications Engineering.
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).	Locally, yes	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	We have a Risk Manager who has a degree in Electronics and Communications Engineering
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Yes		
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	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	This function is under the HGH level.
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website	www.howdengroup.com
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	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement</p>	In place and done at the Group level.
<b>Recommendation 13.3</b>			
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.	Compliant	<p>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.</p>	These are undertaken at Group level
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.	Compliant	<p>Provide link to 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>	This are undertaken at Group level.
<b>Recommendation 13.4</b>			

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	These are undertaken at HGH level
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance.	HBG The Club Rules

#### 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.	Local entity- No	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.	These are undertaken at the HGH level.
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#### Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Local entity-No	Identify policies and programs for the protection and fair treatment of company's stakeholders.	These are all undertaken at HGH level.
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#### 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.	Local entity-No	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 whistleblowing policy, practices and procedures for stakeholders.	These are included in The Club Rules and Whistle Blowing Policy
<b>Principle 15:</b> 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.			
<b>Recommendation 15.1</b>			
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	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	Employee manual  Mandatory annual training attendance and is part of employees' KPI
<b>Recommendation 15.2</b>			
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	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	Financial Crime orientation to employees
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization.	Employee manual  Mandatory annual training attendance and is part of employees' KPI
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.  Indicate if the framework includes	Refer to Whistle Blowing Policy

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	procedures to protect the employees from retaliation.  Provide contact details to report any illegal or unethical behavior.	Refer to Whistle Blowing Policy
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	Refer to Whistle Blowing Policy

**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	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	Howden Philippines participated in the Global Group Giving Week (GGGW) project in May 20, 2022. GGGW is an activity initiated by Howden Group and its objective is for all employees to take some time off to contribute to worthy causes along with having fun and team-building. Howden Philippines then
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organized fund raising activities such as Tawag ng Tanghalian, Jeopardy and a donation drive. We chose Care Channels Inc. (CCI) as our beneficiary for the said events. CCI has partnered with the Howden Group Foundation since 2021. Our employees were able to raise funds amounting to Php114,000 benefiting 12 students with educational scholarships in Mindanao State University (1 elementary, 7 Junior High school, 1 Senior High school, 3 college students). We were also able to donate school supplies.

### 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 City of Manila on the MAY 26 2023 of 20.

Goh Chye Hual  
**CHAIRMAN OF THE BOARD**  
Signature over printed name

Atty Ma. Carmen Agcanill Orena  
**CORPORATE SECRETARY**  
Signature over printed name

Hector R.R. Villanueva  
**INDEPENDENT DIRECTOR**  
Signature over printed name

Raul B. Tan  
**PRESIDENT/CEO**  
Signature over printed name

Teresita C. Martin  
**CORPORATE GOVERNANCE  
COMPLIANCE OFFICER**

Augusto L. Toledo II  
**INDEPENDENT DIRECTOR**  
Signature over printed name

**SUBSCRIBED AND SWORN** to before me this MAY 26 2023 day of 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.			
2.			
3.			
4.			
5.			
6.			

### **NOTARY PUBLIC**

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Book No. 49  
Series of 2023

**ATTY. HENRY D. ADASA**  
NOTARY PUBLIC CITY OF MANILA  
APPOINTMENT 097/12/31/2023 MANILA  
IBP NO. 181139 / 01/03/2023  
PTR N. 0861145 / 01/03/2023  
ROLL NO. 29679, TIN NO. 172-523-620  
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025  
17 1411 TAYUMAN ST., STA. CRUZ, MANILA