

**ANNUAL CORPORATE GOVERNANCE REPORT OF
CARITAS HEALTH SHIELD, INC.
(Name of Company)**

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| 1. | For the fiscal year ended | 31 December 2022 |
| 2. | Certificate Authority Number | Under Conservatorship since 18 January 2022 |
| 3. | Province, country or other jurisdiction of incorporation or organization | National Capital Region, Philippines |
| 4. | Address of principal office | Caritas Corporate Center,
97 E. Rodriguez Sr. Ave., Quezon City |
| | Postal Code | 1113 |
| 5. | Company's telephone number, including area code | (+632) 8635-7100 (trunkline) |
| 6. | Company's official website | http://www.caritashealthshield.com.ph |
| 7. | Former name, former address, and former fiscal year, if changed since last report | Not applicable |

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION <i>(If compliant, specify documents attached &/or with links)</i>	EXPLANATION <i>(If non-compliant, explain why non-compliant & state plans)</i>
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			
1.1.1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	For reference, please see the Curriculum Vitae of the members of the Board of Directors (Annex A).	-
1.1.2. Board has an appropriate mix of competence and expertise.	COMPLIANT		-
1.1.3. 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			
1.2.1. Board is composed of a majority of non-executive directors.	COMPLIANT	Only five (5) out of (15) members of the Board of Directors are considered Executive Directors of CHSI. For reference, please see a copy of the following: (a) company's General Information Sheet (Annex B); (b) the curriculum vitae (CV) of the members of the Board of Directors (Annex A); and (c) the Corporate Secretary's Certification re Corporate Officers and Standing Board Committees (Annex E).	

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Recommendation 1.3			
1.3.1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	<p>The <i>Company's Corporate Governance Manual 2021</i> (hereinafter referred to as "CGM 2021"; Annex C) provides:</p> <p><i>9. Corporate Governance Orientation and Annual Trainings:</i></p> <p>Consistent with the national objective to institutionalize corporate accountability of insurers, all Directors/Trustees of insurance companies as well as Officers with a rank of Vice President and up are required to attend a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Insurance Commission.</p> <p>Such requirement must be completed within the first six (6) months of the Directors/ Officers' assumption to office and with the corresponding proof of compliance furnished the Insurance Commission.</p> <p>The annual continuing training program, on the other hand, makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy.</p> <p>IC - mandated topics on corporate governance include the following:</p> <ol style="list-style-type: none"> a. Code of Corporate Governance for IC Regulated Companies; b. ACGS and IC Annual Corporate Governance Report; c. Board Responsibilities; d. Illegal activities of corporations/ directors/ officers; e. Protection of minority shareholders; f. Liabilities of directors; g. Confidentialities; h. Conflict of interest; i. RPT; Enterprise Risk management; and j. Case studies and Financial Reporting and Audit. 	-

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		<p>Other than the Corporate Governance training, orientation program for first-time directors should be conducted for at least eight hours, while the annual continuing training be for at least four hours. All directors should be properly oriented upon joining the board. This ensures that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program covers IC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	
1.3.2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p><i>9. Corporate Governance Orientation and Annual Trainings:</i></p> <p>Consistent with the national objective to institutionalize corporate accountability of insurers, all Directors/Trustees of insurance companies as well as Officers with a rank of Vice President and up are required to attend a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Insurance Commission.</p>	-
1.3.3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>Such requirement must be completed within the first six (6) months of the Directors/ Officers' assumption to office and with the corresponding proof of compliance furnished the Insurance Commission.</p> <p>The annual continuing training program, on the other hand, makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy.</p>	-

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		<p>IC - mandated topics on corporate governance include the following:</p> <ul style="list-style-type: none"> a. Code of Corporate Governance for IC Regulated Companies; b. ACGS and IC Annual Corporate Governance Report; c. Board Responsibilities; d. Illegal activities of corporations/ directors/ officers; e. Protection of minority shareholders; f. Liabilities of directors; g. Confidentialities; h. Conflict of interest; i. RPT; j. Enterprise Risk management; and k. Case studies and Financial Reporting and Audit. <p>Other than the Corporate Governance training, orientation program for first-time directors should be conducted for at least eight hours, while the annual continuing training be for at least four hours. All directors should be properly oriented upon joining the board. This ensures that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program covers IC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Members of the Board of Directors attended the Anti-Money Laundering/Countering Terrorist Financing webinar conducted by the Anti-Money Laundering Council last 22 February 2022.</p>	

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Recommendation 1.4			
1.4.1. Board has a policy on board diversity.	COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p>The Board should promote board diversity to ensure for a more effective decision making and inclusion of different perspective and ideas, representation of corporate responsible citizens and for better utilization of knowledge and experience.</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>As of 31 December 2022, six (6) out of fifteen (15) members of the Board (or 40%) are female and nine (9) are male (60%).</p>	
Recommendation 1.5			
1.5.1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p>The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, and should not be a member of the Board of Directors, is an officer of the Corporation. He should:</p>	-
1.5.2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		-
1.5.3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	<ol style="list-style-type: none"> 1.1 Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation; 1.2 Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise; 1.3 Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders; 1.4 Advises on the establishment of board committees and their terms of reference; 1.5 Be loyal to the mission, vision and objectives of the Corporation; 	-

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		<p>1.6 Have appropriate administrative and interpersonal skills;</p> <p>1.7 If he is not at the same time, the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;</p> <p>1.8 Have a working knowledge of the operations of the Corporation</p> <p>1.9 Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings at least 5 working days in advance and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;</p> <p>1.10 Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so and maintain record of the same.</p> <p>1.11 Ensure that all Board procedures, rules and regulations are strictly followed by the members; and</p> <p>1.12 Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;</p> <p>1.13 Annually attend a training on Corporate Governance.</p> <p>1.14 Performs required administrative functions;</p> <p>Performs such other duties and responsibilities as may be provided by the IC.</p> <p>For reference, please see:</p> <p>a. the company's latest General Information Sheet (Annex B) stating that the company's Corporate Secretary is Charles B. Escolin; and</p> <p>b. The Curriculum Vitae of Corporate Secretary Charles B. Escolin (Annex D). The Corporate Secretary is not a member of the Board of Directors and he is not the company's Compliance Officer.</p>	

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1.5.4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	The Corporate Secretary attended corporate governance webinars conducted by the Institute of Corporate Directors last 28 July 2021 and 20 December 2021.	-
Recommendation 1.6			
1.6.1. Board is assisted by a Compliance Officer.	COMPLIANT	The Company's CGM 2021 provides: 4. Compliance Officer	-
1.6.2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who should have a rank of Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer should not be a member of the Board of Directors and shall report directly to the Chairman of the Board.	-
1.6.3. Compliance Officer is not a member of the board.	COMPLIANT	He shall perform the following duties: 4.1. Corporate Governance <ul style="list-style-type: none"> a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws among others); b. Monitor, review, evaluate and ensure compliance by the Corporation, its officers and directors with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation; c. Ensure the integrity and accuracy of all documentary submissions to regulators; d. Appear before the Insurance Commission when summoned in relation to compliance with this Manual; e. Collaborates with other departments to properly address compliance issues, which may be subject to investigation; 	

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		<ul style="list-style-type: none"> f. Identifies possible areas of compliance issues and works towards the resolution of the same; g. Ensures the attendance of the board members and key officers to relevant trainings; h. Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board; and i. Performs such duties and responsibilities as may be provided by the IC <p>4.2 Anti-money Laundering Act</p> <ul style="list-style-type: none"> a. Establish and maintain a Manual of Compliance procedures in relation to the business of the covered insurance institution; b. Ensure compliance by the staff with the provisions of the Act and with the Manual of Compliance established; c. Act as a liaison between the covered insurance institution and the council in matters relating to compliance with the provisions of the Act; d. Prepare and submit to the Council written reports on the covered insurance institution's compliance with the provisions of the Act, in such for and submitted at such time as the Council may determine. <p>4.3 Serve as the Corporation's contact person to ensure compliance with insurance rules and regulations</p> <p>4.3 Should annually attend a training on corporate governance.</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>The company's Compliance Officer is Rosalyn D. Martinez. She is not a member of the Board of Directors. She has the rank of First Vice President and has adequate stature and authority in the company.</p>	

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		Attached for the perusal of the Commission are (a) the Certification issued by the Corporate Secretary as to Corporate Officers and Standing Board Committees (Annex E) and (b) her curriculum vitae (Annex F).	
1.6.4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	The Compliance Officer attended a corporate governance-related webinar conducted by the Anti-Money Laundering Council last 22 February 2022; a webinar on the ASEAN Corporate Governance Scorecard conducted by the Institute of Corporate Directors held last 21 June 2022; and a webinar on the Data Privacy Act conducted by the National Privacy Commission last 14 October 2022.	
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			
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	The Board of Directors holds regular board meetings. They discuss financial and operations aspects of the company. For reference, please see the Corporate Secretary's Certification as to the conduct of board meetings held in 2022 (Annex G).	-
Recommendation 2.2			
2.2.1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board of Directors holds regular board meetings. They discuss sales, finance and operations-related matters. Heads of departments (sales and	-

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2.2.2. 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	marketing, operations, and finance and investments) present status reports to the Board for their information and appropriate action. For reference, please see Corporate Secretary's Certification as to the conduct of board meetings held in 2022 (Annex G).	-
Recommendation 2.3			
2.3.1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The company's Chairperson is Dr. Rene V. Reyes. For reference, please see: (a) the Corporate Secretary's Certification as to Corporate Officers and Standing Board Committees (Annex E); and (b) his Curriculum Vitae (Annex H).	-
Recommendation 2.4			
2.4.1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	NON-COMPLIANT		The company shall endeavor to draft and adopt a succession planning program for directors, key officers, and management.
2.4.2. Board adopts a policy on the retirement for directors and key officers.	NON-COMPLIANT		While the company had updated its Employee Retirement & Separation Policy in 2020, it does not have a formal retirement policy for directors. Moving forward, the company shall endeavor to draft and adopt a retirement policy for directors.

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Recommendation 2.5			
2.5.1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	NON-COMPLIANT	The company's CGM 2021 provides: Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration. Please see Corporate Governance Manual 2021 (Annex C).	The company has a Performance Appraisal System for employees which includes provisions for a salary increase based on meritorious performance. In 2022, the Board approved an evaluation tool to measure the performance of the board and its members. And while the members have already conducted and completed the assessment last December 2022, the performance rating has yet to be linked with their remuneration.
2.5.2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	NON-COMPLIANT		
2.5.3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	NON-COMPLIANT		In 2020, all Board Members participated in the meeting where they ratified the recommendation of the Company's Executive Committee to lower <i>per diem</i> allowances due to lower revenues owing to the COVID-19 pandemic. To date, the amount of allowances remains the same.
Recommendation 2.6			
2.6.1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The Company's CGM 2021 provides: 3. Stockholders' Rights and Protection of Minority Stockholders' Interests 3.1.e. Nomination process All shareholders must be given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws. The procedures of the nomination process are expected to be discussed clearly by the Board to promote transparency. The company is encouraged to fully and promptly disclose all information	-
2.6.2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		-
2.6.3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT		-

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2.5.4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT	regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility. xxx xxx xxx	-
2.5.5. 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.	NON-COMPLIANT	D. Board Committees 3. Nominations Committee 3.2. The Nominations committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors as well as those nominated to other positions requiring appointment by the Board. It shall prepare a description of the roles and capabilities required of a particular appointment.	The Board will draft and adopt a policy for the assessment of the effectiveness of Board processes in the nomination, election or replacement of a director.
2.5.6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	NON-COMPLIANT	3.3. The nomination and election process should include the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members. Immediately after the conduct of the Annual Stockholders' Meeting, the newly elected members of the Board convene an <i>organizational meeting</i> where they elect corporate officers to serve for the ensuing year and until a new one is elected and duly qualified. For reference, please see: (a) the minutes of the 2022 Annual Stockholders' Meeting (Annex I) and (b) the minutes of the Organizational Meeting of 06 May 2022 (Annex J).	The Board will determine and adopt a process to identify the quality of directors that is aligned with the strategic direction of the company.

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Recommendation 2.7			
2.7.1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	The company has its own Related Party Transactions Policy (a copy is already posted on the website).	-
2.7.2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	The company has its own Related Party Transactions Policy which includes appropriate review and approval of material RPTs guaranteeing fairness and transparency of the transactions.	-
2.7.3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	The company has its own Related Party Transactions Policy which encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	-
Recommendation 2.8			
2.8.1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of other control functions (Chief Risk officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p>k. Primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Immediately after the conduct of its Annual Stockholders' Meeting, the newly elected members of the Board of Directors convene during the</p>	-

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		organizational meeting and elect the corporate officers. Please see the Minutes of the Organizational Meeting dated 06 May 2022 (Annex J).	
2.8.2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of other control functions (Chief Risk officer, Chief Compliance Officer and Chief Audit Executive).	NON-COMPLIANT	The Company's CGM 2021 provides: k. Primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive). Please see Corporate Governance Manual 2021 (Annex C).	While the Company has a policy stating the primary responsibility of the Board to assess the performance of management led by the CEO, etc., the Company was not able to undertake such performance assessment.
Recommendation 2.9			
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	In 2022, the Board approved an evaluation tool to measure its performance as a group and its individual members. The members have conducted and completed the assessment last December 2022. Please see a template of the Board Performance Evaluation Tool (Annex Q).	
2.9.2. 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		The company has a Performance Appraisal System for employees. However, this system is not formally approved by the Board. In July to August 2022, the company conducted a Strategic Planning Session which includes parameters for sales, service delivery, reserves management, and cost reduction. The Strategic Action Plan was approved by the Board during its meeting last August 2022.

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Recommendation 2.10			
2.10.1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p>2. Responsibilities, Duties and Functions of the Board</p> <p>xxx xxx xxx</p> <p>2.2. Specific Duties and Functions</p> <p>To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:</p> <p>f. Adopt a system of internal checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness;</p>	-
2.10.2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	NON-COMPLIANT	<p>Further, the CGM 2021 provides the specific Internal Control responsibilities of the Board.</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>The Board, through its Audit Committee, exercises effective oversight over the internal control systems of the company. For instance, during its monthly meetings, the company's Internal Audit Department reports the results of all audit &/or fraud investigations conducted, and the measures undertaken to address any issue.</p>	The Board Audit Committee shall include in the review of current internal control systems the monitoring and managing of potential conflict of interests of management, members and shareholders.

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2.10.3. Board approves the Internal Audit Charter.	COMPLIANT	Please see the company's Internal Audit Charter , which was drafted and adopted in 2020, but approved by the Board in 2022 (a copy is already uploaded on the website under corporate governance policies).	
Recommendation 2.11			
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.	NON-COMPLIANT	The Company's CGM 2021 provides: 3. Responsibilities, Duties and Functions of the Board xxx xxx xxx 2.3. Specific Duties and Functions	In 2018, the company drafted and approved a <i>Risk Management Charter and Risk Management Policy and Procedure</i> . However, this was only approved by the President. Moving forward, management shall immediately present these to the Board of Directors for review and approval.
2.11.2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as effectiveness of risk management strategies.	NON-COMPLIANT	To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities: g. Oversee that a sound enterprise risk management 15 (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability; Please see Corporate Governance Manual 2021 (Annex C)	In 2018, the company drafted and approved a <i>Risk Management Charter and Risk Management Policy and Procedure</i> . However, this was only approved by the President. Moving forward, management shall immediately present these to the Board of Directors for review and approval.
Recommendation 2.12			
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	The Company's CGM 2021 clearly states the roles, responsibilities and accountabilities of the Board of Directors in carrying out its fiduciary duties.	-

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2.12.2. Board Charter serves as a guide to the directors and the performance of their functions.	COMPLIANT	Company website: https://caritashealthshield.com.ph	-
2.12.3. Board Charter serves as a guide to the directors and the performance of their functions.	COMPLIANT		-
Principle 3: Board committees should be set up to the extent possible to support defective performance of the Board's functions, particularly with respect to audit, risk management, related party transaction, 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			
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	The Company's CGM 2021 provides for the establishment of Board Committees. During its annual organizational meeting (which is held immediately after its Annual Stockholders' Meeting), the company elects and/or appoints its corporate officers and board committee members. For reference, please see: (a) the Minutes of the Organizational Meeting dated 06 May 2022 (Annex J); and (b) the Corporate Secretary's Certification as to Corporate Officers and Standing Board Committees (Annex E).	
Recommendation 3.2			
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	COMPLIANT	The Company's CGM 2021 mandates the establishment of an Audit Committee and specifies its functions. The CGM 2021 also provides:	-

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compliance with applicable laws and regulations.		n. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders. Please see Corporate Governance Manual 2021 (Annex C).	
3.2.2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Please see the Certifications issued by the Corporate Secretary regarding the company's: (a) Independent Directors (Annex K); (b) Corporate Officers and Standing Board Committees (Annex E); and (c) Curriculum Vitae of Audit Committee Members (Annex L).	-
3.2.3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting auditing and finance.	COMPLIANT	Please see Curriculum Vitae of the company's Audit Committee members (Annex L).	-
3.2.4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		The Company only has three (3) independent directors, while there are four (4) board committees the Chairman of which should be independent directors.
Recommendation 3.3			
3.3.1. Board establishes a Corporate Governance committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formally assigned to a Nomination and Remuneration Committee.	COMPLIANT	The Company's CGM 2021 mandates the establishment of a Corporate Governance Committee and specifies its functions. Please see Corporate Governance Manual 2021 (Annex C).	-

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		Please see the Certification issued by the Corporate Secretary as to Corporate Officers and Standing Board Committees (Annex E).	
3.3.2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	COMPLIANT	<p>The Company's CGM 2021 provides that "[t]he Corporate Governance Committee shall be composed of at least three (3) members, majority of whom should be independent directors including the Chairman."</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Please see the Certifications issued by the Corporate Secretary regarding the company's: (a) Independent Directors; (Annex K) and (b) Corporate Officers and Standing Board Committees (Annex E).</p>	-
3.3.3. The Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	<p>The Company's CGM 2021 provides that "[t]he Corporate Governance Committee shall be composed of atleast three (3) members, majority of whom should be independent directors including the Chairman."</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Please see the Certifications issued by the Corporate Secretary regarding the company's: (a) Independent Directors; (Annex K) and (b) Corporate Officers and Standing Board Committees (Annex E).</p>	-

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Recommendation 3.4			
3.4.1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	The Company's CGM 2021 mandates the establishment of a Board Risk Oversight Committee and specifies its functions. Please see Corporate Governance Manual 2021 (Annex C).	-
3.4.2. BROC is composed of at least three members, the majority of whom should be independent directors including the Chairman.	COMPLIANT	The Company's CGM 2021 provides that "[t]he BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman". Please see Corporate Governance Manual 2021 (Annex C). Please see the Certifications issued by the Corporate Secretary regarding the company's: (a) Independent Directors ; (Annex K) and (b) Corporate Officers and Standing Board Committees (Annex E).	-
3.4.3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		The Company only has three (3) independent directors, while there are four (4) board committees the Chairman of which should be independent directors.
3.4.4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	The independent directors of the company have relevant risk and risk management experience from the banking industry, life insurance industry and legal practice. Please see the Certification issued by the Corporate Secretary regarding CHSI's Corporate Officer and Standing Board	-

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		Committees (Annex E) ; and their Curriculum Vitae (Annex M) .	
Recommendation 3.5			
3.5.1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transaction of the company.	COMPLIANT	<p>The Company's CGM 2021 mandates the establishment of a Related Party Transactions Committee and specifies its functions.</p> <p>During its annual organizational meeting (which is held immediately after its Annual Stockholders' Meeting), the company elects and/or appoints its corporate officers and board committee members.</p> <p>Please see the Certification issued by the Corporate Secretary as to Corporate Officers and Standing Board Committees (Annex E).</p>	-
3.5.2. RPT committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	COMPLIANT	<p>The Company's CGM 2021 provides that "[t]he Related Party Transactions Committee shall be composed of at least three non-executive directors majority of whom should be independent including the Chairman."</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Please see the Certifications issued by the Corporate Secretary regarding the company's: (a) Independent Directors (Annex K); and (b) Corporate Officers and Standing Board Committees (Annex E).</p>	-

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Recommendation 3.6			
3.6.1. All established committees have committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Relevant provisions as to purposes, memberships, structures, etc. are incorporated in the company's CGM 2021. Please see Corporate Governance Manual 2021 (Annex C).	-
3.6.2. Committee Charters provide standard for evaluating the performance of the Committees.	NON-COMPLIANT		Moving forward, the company shall draft and adopt a standard for the evaluation of performance of the board committees.
3.6.3. Committee charters were fully disclosed on the company's website.	COMPLIANT	The Company's Corporate Governance Manual, which includes Committee Charters, was uploaded to the Company website in 2021.	-
Principle 4: To show full commitment to the company, the director 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			
4.1.1. The directors attend and actively participates in all meetings of the Board, Committees and shareholders in person or through tele/video conferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Owing to the COVID-19 pandemic, the Company's Board of Directors approved and adopted its Interim Internal Rules on Videoconferencing during its August 2020 board meeting which remains effective as of 31 December 2022. For reference, please see: (a) a copy of the company's Interim Rules on Videoconferencing (Annex N); as well as Certifications issued by the Corporate Secretary as to (b) attendance of the directors during board meetings (Annex O); and (c) Corporate Officers and Standing Board Committees (Annex E).	-

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4.1.2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Board members are furnished copies of the agenda, minutes of previous meeting(s) and such other materials relevant to the scheduled meetings. Please see the Corporate Secretary's Certification as to the conduct of board meetings in 2022 (Annex G).	-
4.1.3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Directors ask the necessary questions &/or seek clarifications and explanations during the Board and Committee meetings. For reference, please see the Certification issued by the Corporate Secretary as to board meetings held in 2022 (Annex E).	-
Recommendation 4.2			
4.2.1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICRES) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management's proposals/ views, and oversee the long-term strategy of the company.	COMPLIANT	The Company's CGM 2021 provides: "[t]he non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) Insurance Commission Regulated Entities 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." Please see Corporate Governance Manual 2021 (Annex C).	-
Recommendation 4.3			
4.3.1. The directors notify the company's board where he/she is an incumbent	NON-COMPLIANT		The Company is notified of any incumbency directorship before appointment to the Board.

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director before accepting a directorship in another company.			However, moving forward, the company shall require written notification of the same.
Principle 5: The board should endeavor to exercise and objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
5.1.1. The board is composed of at least 20% independent directors.	COMPLIANT	CHSI has three (3) qualified Independent Directors, which constitutes 20% of the total number of board members. Please see the Certification issued by the Corporate Secretary regarding the company's Independent Directors (Annex K).	-
Recommendation 5.2			
5.2.1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	The Company's independent directors possess all the necessary qualifications and none of the disqualifications to hold the position. For reference, please see the Curriculum Vitae of the independent directors (Annex P).	-
Recommendation 5.3			
5.3.1. The independent directors serve a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	COMPLIANT	For reference, please see the Certification issued by the Corporate Secretary stating the names of the independent directors and the dates when they assumed their position as independent director, none of whom has served for more than the maximum cumulative term of nine years (Annex K).	-

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5.3.2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p>2.2 Limits for Independent Directors</p> <p><i>"a. Independent Directors can serve as such for a maximum cumulative term of nine (9) years. The reckoning date of such period shall be in accordance to the reckoning dates provided by IC Circular 2018-36</i></p> <p><i>b. An Independent Director who served the maximum period shall be perpetually banned from any re-election but may continue therein as a non-independent director.</i></p> <p><i>c. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."</i></p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>To date, all independent directors have served for less than nine (9) years (Annex K).</p>	-
5.3.3. 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	<p>This provision is not yet applicable to the company considering that as of date, all independent directors have served for less than nine (9) years.</p>	-
Recommendation 5.4			
5.4.1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	<p>The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p> <p>For reference, please see the: (a) General Information Sheet (Annex B);</p>	

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		Certification issued by the Corporate Secretary as to Corporate Officers and Standing Board Committees (Annex E).	
5.4.2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The Company's CGM 2021 clearly provides and delineates the duties and responsibilities of the Chairman of the Board and the President. Please see Corporate Governance Manual 2021 (Annex C).	-
Recommendation 5.5			
5.5.1. If the Chairman of the Board is not an independent director or where the roles of the Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	NON-COMPLIANT		The Chairman of the Board is not an independent director. Albeit, the Chairman is non-executive and is separate from the CEO. Moving forward, the Board shall designate a lead director among independent directors.
Recommendation 5.6			
5.6.1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	As of 31 December 2021, there has never been an instance when any director had a material interest in a transaction with the company which necessitated abstention of the concerned director. The Company's CGM 2021 provides that directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same. Please see Corporate Governance Manual 2021 (Annex C).	-

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Recommendation 5.7			
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		The Office of the Corporate Secretary shall schedule meetings of NEDs 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.
5.7.2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		Moving forward, the meetings of NEDS with the external auditor and heads of the internal audit, compliance and risk functions shall be chaired by the lead independent director.
Principles 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			
6.1.1. The board conducts an annual assessment of its performance as a whole.	COMPLIANT	<p>The Company’s CGM 2021 provides: “[t]he Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator.”</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>In 2022, the Board approved a performance evaluation tool to measure its performance as a group and its individual members. The members conducted and completed the assessment last December 2022.</p>	

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		Please see the Board Performance Evaluation Tool (Annex Q).	
6.1.2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	<p>The Company's CGM 2021 provides: "[t]he Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator."</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>In 2022, the Board approved an evaluation tool to measure its performance and its individual members, including the Chairman. Please see the Board Performance Evaluation Tool (Annex Q).</p>	
6.1.3. The performance of the individual members of the Board is assessed annually by the Board.	COMPLIANT	<p>The Company's CGM 2021 provides: "[t]he Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator."</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>In 2022, the Board approved an evaluation tool to measure its performance and its individual members. Please see the Board Performance Evaluation Tool (Annex Q).</p>	

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6.1.4. The performance of each committee is assessed annually by the Board.	NON COMPLIANT	The Company's CGM 2021 provides: "[t]he Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator." Please see Corporate Governance Manual 2021 (Annex C).	Moving forward, the board shall include an annual assessment of the board committees' performance in its evaluation tool.
6.1.5. Every three years the assessments are supported by an external facilitator.	COMPLIANT	The Company's CGM 2021 provides: "[t]he Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator." Please see Corporate Governance Manual 2021 (Annex C). CY2022 was when the company conducted its first annual board performance evaluation. By CY 2024, CHSI will endeavor to have the exercise be conducted by an external facilitator.	
Recommendation 6.2			
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	The Company's CGM 2021 provides: "4. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders."	

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		<p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>In 2022, the Board approved an evaluation tool to measure its performance and its individual members. Please see the Board Performance Evaluation Tool (Annex Q).</p>	
6.2.2. The System allows for a feedback mechanism from the shareholders.	NON-COMPLIANT	<p>The Company's CGM 2021 provides: "4. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders."</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	Moving forward, the Company shall establish a system that allows for a feedback mechanism from the shareholders.
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
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 dealing of the company.	COMPLIANT	<p>The company has a Code of Conduct for Sales Associates.</p> <p>In 2022, the Board approved the company's Code of Conduct for Employees, which includes a chapter on Anti-Corruption policies.</p> <p>Please see Code of Conduct (Annex S).</p>	

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7.1.2. The Code is properly disseminated to the Board, senior management and employees.	NON COMPLIANT		While the company's Code of Conduct was adopted in CY2022, the dissemination of the same to the Board, senior management and employees only began in CY 2023.
7.1.3. The Code is disclosed and made available to the public through the company website.	NON COMPLIANT		Moving forward, the company's Code of Conduct shall be disclosed and made available to the public through the company website.
Recommendation 7.2			
7.2.1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	The Code of Conduct is properly and efficiently implemented and monitored by the President and the Human Resources Management Department, on behalf of the Board.	
7.2.2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	Proper and efficient implementation and monitoring of compliance with company internal policies is being done by the President, the Internal Audit Department and the Human Resources Management Department, on behalf of the Board.	
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			
8.1.1. Board establishes corporate disclosure policies and procedure to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair complete picture of a company's financial condition, results and business operations.	COMPLIANT	The Company's CGM 2021 provides for disclosure and transparency principles: "It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet	

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		<p>transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission. The company should also ensure that the material and reportable non-financial and sustainability issues are disclosed.”</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Moreover, during annual stockholders’ meetings, management presents comprehensive, accurate, reliable and timely reports to all shareholders and stakeholders pertaining to the company’s financial condition, results and business operations.</p> <p>For reference, please see the: Minutes of the Stockholders’ Meeting dated 06 May 2022 (Annex I).</p>	
Recommendation 8.3			
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 judgement.	COMPLIANT	<p>The company prepared and published relevant and material information on individual board members to disclose their experience and qualifications.</p> <p>Please see the Curriculum Vitae of the members of the Board of Directors (Annex A).</p>	-
8.3.2. Board fully discloses all relevant and material information on key executives	COMPLIANT	The company prepared and published relevant and material information on	-

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to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.		individual board members to disclose their experience and qualifications. Please see the Curriculum Vitae of the members of the Board of Directors (Annex A).	
Recommendation 8.4			
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 Revised Corporation Code.	COMPLIANT	The Company's CGM 2021 sets the policy as to remuneration of Directors and Officers. Please see Corporate Governance Manual 2021 (Annex C).	-
8.4.2. 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	The Company's CGM 2021 sets the policy as to remuneration of Directors and Officers. Please see Corporate Governance Manual 2021 (Annex C).	-
8.4.3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		The remuneration and executive compensation of the board members and key executives, including all employees of the company, have always been kept confidential.
Recommendation 8.5			
8.5.1. Company discloses its policies governing Related Party Transactions (RPT's) and other unusual or infrequently occurring transactions.	COMPLIANT	The company has its own Related Party Transactions Manual (a copy is already posted on the website under corporate governance - policy).	-

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		In 2021, there has been no instance of any conflict of interest necessitating a director to abstain from discussion of any particular transaction.	
8.5.2. 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		Moving forward, the company shall disclose all material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, to be reviewed and approved by the Board, and to be submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting.
Recommendation 8.7			
8.7.1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Please see Corporate Governance Manual 2021 (Annex C).	-
8.7.2. Company's MCG is posted on its company website.	COMPLIANT	The company's CGM is posted on the website. Please see Corporate Governance Manual 2021 (Annex C).	-
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
9.1.1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	COMPLIANT	The company's CGM 2021 have provisions detailing the process for approving and recommending the appointment, reappointment, removal and fees of external auditors. Please see Corporate Governance Manual 2021 (Annex C).	-

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9.1.2. 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	The appointment and reappointment of the external auditor is passed upon by the Board of Directors and ratified during the annual meeting of stockholders.	
9.1.3. 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	<p>In 2021, there was no instance necessitating the removal of the company's external auditor. Our CGM 2021 provides:</p> <p>The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.</p> <p>If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.</p> <p>If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.</p>	-

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		Please see Corporate Governance Manual 2021 (Annex C).	
Recommendation 9.2			
9.2.1. Audit Committee Charter includes the Audit Committee’s responsibility on: <ul style="list-style-type: none"> i. Assessing the integrity and independence of external auditors; ii. Exercising effective oversight to review and monitor the external auditor’s independence and objectivity; and iii. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	The Company’s CGM provides for the establishment of the Audit Committee and specified its functions which include: “performing oversight functions over the Corporation’s internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;” <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	-
9.2.2. 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		Moving forward, the Company shall amend its CGM 2021 to include the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.
Recommendation 9.3			
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	The Company does not have any engagement with its external auditors for non-audit services.	-
9.3.2. 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	The Company’s CGM 2021 provides: “[e]valuate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total fees paid	-

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		<p>to him and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report and Annual Corporate Governance Report;"</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
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	<p>The Company's CGM 2021 specifies the following as a specific duty and responsibility of the Board:</p> <p>Adopt a system of internal checks and balances within the Board. A regular review of the 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 of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness;</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	Moving forward the Company shall draft and adopt 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.
10.1.2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT		Moving forward the Company shall draft and adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

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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			
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	The Company has a website: caritashealthshield.com.ph	-
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			
12.1.1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>The Company has an Internal Audit Department which annually reviews the internal control system.</p> <p>Quality service includes annual review of marketing branches, departments, investigation of fraud cases and performs Special Audits to:</p> <ol style="list-style-type: none"> 1. Maintain a quality and continuous improvement program designed to ensure compliance with the International Standards for the Professional Practice of Internal Auditing I(SPPIA) and best practices 2. Promote full understanding, acceptance, and utilization of the internal auditing activity by all levels of the organization's management. 3. Renders assessments and advice for improving activities that will advance the goals and objectives of the organization. 	-

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		<p>4. Adds value to improve the organization and the overall organizations operations and contributes the attainment of organizations objective.</p> <p>Attached for reference of the Commission is the Company's Internal Audit Charter (a copy is already posted on the website).</p>	
12.1.2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>The Company has an Internal Audit Department which annually reviews the enterprise risk management framework in the conduct of its business. Attached for reference of the Commission is the Company's Internal Audit Charter and Risk Management Charter (copies are already posted on the website).</p>	-
Recommendation 12.2			
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	<p>The Company has an independent in-house Internal Audit Department that provides an independent and objective assurance and consulting services designed to add value in improving company processes and internal controls.</p>	-
Recommendation 12.3			
12.3.1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT	<p>The Company's CGM 2021 provides that the Board may appoint a Chief Audit Executive. To wit:</p> <p>The Board may appoint a Chief Audit Executive (CAE) to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The</p>	Moving forward the Company shall consider the appointment of a qualified Chief Audit Executive.

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		<p>Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.</p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	
12.3.2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	NON-COMPLIANT	<p>The Company's CGM 2021 provides:</p> <p><i>"d. The following are the responsibilities of the CAE, among others:</i></p> <ol style="list-style-type: none"> 1. <i>Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;</i> 2. <i>Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;</i> 3. <i>Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;</i> 4. <i>Spearheads the performance of the internal audit activity to ensure it adds value to the organization;</i> 5. <i>Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and</i> 6. <i>Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes."</i> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> 	Moving forward the Company shall consider the appointment of a qualified Chief Audit Executive.
12.3.3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the	COMPLIANT	<p>This is not applicable to our company. The company has its own in-house internal audit department, and has</p>	-

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	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
responsibility for managing the fully outsourced internal audit activity.		never outsourced any internal audit function or activity.	
Recommendation 12.4			
12.4.1. The company has a separate risk management function to identify, assess and monitor risk exposures.	COMPLIANT	Attached for reference of the Commission is the Company's Risk Management Charter (a copy is already posted on the website).	-
Recommendation 12.5			
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		In 2021, the Company did not have a Chief Risk Officer (CRO). Moving forward the Company shall consider the appointment of a qualified Chief Risk Officer.
12.5.2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT	<p>The company's CGM 2021 provides that the CRO shall have the following authority, stature, resources and support to fulfill his/her responsibilities:</p> <p>"f. The Board may appoint a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations.</p> <ol style="list-style-type: none"> 1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation; 2. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee; 3. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee; 4. Suggests ERM policies and related guidance, as may be needed; and 5. Provides insights on the following: 	In 2021, the Company did not have a Chief Risk Officer (CRO). Moving forward the Company shall consider the appointment of a qualified Chief Risk Officer.

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		<ul style="list-style-type: none"> - Risk management processes are performing as intended; - Risk measures reported are continuously reviewed by risk owners for effectiveness; and - Established risk policies and procedures are being complied with <p>There should be clear communication between the Board Risk Oversight Committee and the CRO.</p> <p>Please see <u>Corporate Governance Manual 2021</u> (Annex C).</p>	
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of the rights.			
Recommendation 13.1			
13.1.1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	<p>The Company's CGM 2021 clearly specifies stockholders' rights and ensures protection of minority stockholders' interests.</p> <p>Please see <u>Corporate Governance Manual 2021</u> (Annex C).</p>	-
13.1.2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	The Company's CGM 2021 has been uploaded on the website.	-
Recommendation 13.2			
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.	NON-COMPLIANT	<p>The Company's CGM 2021 provides: "[t]he Board should encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting".</p> <p>Please see <u>Corporate Governance Manual 2021</u> (Annex C).</p>	The Company has always observed the notice requirements specified in its By-Laws (<i>i.e., notices must be sent at least two weeks prior to the date of the meeting</i>).

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Recommendation 13.3			
<p>13.3.1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>NON-COMPLIANT</p>		<p>While the result of votes taken during the most recent stockholders' meeting is not publicly available the next working day, the draft minutes, including a certification from the Corporate Secretary as to newly-elected officers, are submitted to the Insurance Commission within thirty (30) days from date of meeting.</p> <p>Moving forward, the company shall endeavor to make the results of votes taken during stockholders' meeting available on its website the next working day.</p>
<p>13.3.2. Minutes of the Annual and Special Shareholders' Meeting are available on the company website within five business days from the end of the meeting.</p>	<p>NON-COMPLIANT</p>		<p>While the minutes of the shareholders' meeting is not posted on the website within five working days from the end of meeting, the draft minutes, including a certification from the Corporate Secretary as to newly-elected officers, were submitted to the Insurance Commission thirty (30) days from date of meeting.</p> <p>Moving forward, the company shall endeavor to post the minutes of the shareholders' meeting on the website within five (5) business days from the end of meeting.</p>
Recommendation 13.4			
<p>13.4.1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner</p>	<p>NON-COMPLIANT</p>		<p>Moving forward, the Company shall draft and adopt an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>
<p>13.4.2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>NON-COMPLIANT</p>	<p>The Company's CGM 2021 includes a policy for the establishment of an ADR system, to wit: "<i>establish and maintain</i></p>	<p>Moving forward, the company shall draft, adopt and incorporate in its Corporate Governance Manual its policy on ADR.</p>

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		<p><i>an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities”.</i></p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p>	
<p>Principle 14: The rights of stakeholders established by law, by contractual relation through voluntary commitments must be respected. Where stakeholders’ rights and/or interests are at stake, stakeholder should have the opportunity to obtain prompt effective redress for the violation of their rights.</p>			
<p>Recommendation 14.1</p>			
14.1.1. Board identifies the company’s various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	NON-COMPLIANT		Moving forward, the Company shall draft and adopt formal policies on the identification of stakeholders, and policies/programs that promote cooperation between the stakeholder and the company in creating wealth, growth and sustainability.
<p>Recommendation 14.2</p>			
14.2.1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	NON-COMPLIANT		Moving forward, the Company shall draft and adopt formal policies and programs providing for a mechanism on the fair treatment and protection of stakeholders.
<p>Recommendation 14.3</p>			
14.3.1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	NON-COMPLIANT		<p>The Company already has a Whistleblower Policy.</p> <p>However, moving forward, the Company shall further adopt and implement a more comprehensive and transparent framework and process that allows stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>

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Principle 15: A mechanism of 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			
15.1.1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goal and in its governance.	COMPLIANT	In 2022, the company had its Strategic Action Plan which identified goals, indicators and parameters, which included those suggested by employees for the latter to be able to participate in the governance of the company as well as in the realization of the company's goal.	
Recommendation 15.2			
15.2.1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption program in its Code of Conduct.	COMPLIANT	The Company's CGM 2021 provides an anti-corruption policy: <i>"[t]he Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture"</i> . Please see Corporate Governance Manual 2021 (Annex C). In 2022, the company adopted its Anti-Corruption Policy which was incorporated in its Code of Conduct (Annex S).	
15.2.2. Board disseminates the policy and program to employee across the organization through trainings to embed them in the company's culture.	NON-COMPLIANT		While the company adopted its Anti-Corruption policy in 2022, dissemination only began in 2023.

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	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 15.3			
<p>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.</p>	<p>COMPLIANT</p>	<p>The Company's CGM 2021 provides:</p> <p><i>"4. Whistleblower Policy</i></p> <p><i>All employees are encouraged to play their part in improving the overall effectiveness and success of the Corporation and in strengthening the Corporation's system of integrity. The Corporation has a Whistleblower Policy which aims to guide officers and staff on reporting complaints related to fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls".</i></p> <p>Please see Corporate Governance Manual 2021 (Annex C).</p> <p>Moreover, the Company has a Whistleblower Policy (a copy is already posted on the website).</p>	<p>-</p>
<p>15.3.2. 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.</p>	<p>COMPLIANT</p>	<p>The Company's Whistleblower Policy delineated a specific process for the handling of complaints on retaliation, including allowing whistleblowers to have direct access to an independent board member or a unit created to handle whistleblowing concerns.</p>	<p>-</p>
<p>15.3.3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>COMPLIANT</p>	<p>The company already has its own Whistleblower Policy (a copy is already posted on the website). However, there is no whistleblowing incident yet for the last five years to test the effectiveness of the Board's supervision, including the effectiveness of the process itself.</p> <p>To date, there is no reported incident from any whistleblower.</p>	

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Principle 16: The company should be socially responsible in all its dealing 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			
16.1.1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial that allows the company to grow its business, while contributing to the advancement of the society where it operates.	NON-COMPLIANT		Moving forward, the Company shall identify ways and means as to how to recognize and place importance on the interdependence between business and society, and promote a mutually beneficial way that allows the company to grow its business, while contributing to the advancement of the society where it operates

(Certification follows on the next page)

CERTIFICATION

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

Signed in the City of _____ on _____.

(original signed)
RENE V. REYES
Chairman of the Board

(original signed)
MARIANO T. KATIPUNAN, JR.
President & CEO

(original signed)
CHARLES B. ESCOLIN
Corporate Secretary

(original signed)
ROSALYN D. MARTINEZ
Corporate Governance Compliance Officer

(original signed)
JUANITO G. ARCILLA
Independent Director

*(Currently abroad; but reviewed the answers
and signified approval via email)*
GILDA C. LUCENA
Independent Director

(original signed)
ELIZABETH C. UMALI
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20____, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

Name	ID No.	Date/Place Issued
1. Rene V. Reyes		
2. Mariano T. Katipunan, Jr.		
3. Charles B. Escolin		
4. Rosalyn D. Martinez		
5. Juanito G. Arcilla		
6. Elizabeth C. Umali		

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2023.

(original notarized)