

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

1. For the fiscal year ended **31 December 2023**
2. Certificate Authority Number **(SEC No. 92775)**
3. **PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization
4. **UPHDMC Compound, Alabang Zapote Road, Pamplona III, Las Pinas City 1740**
Address of principal office Postal Code
5. **(02) 8871 3014 /(02) 8874 8515 locals 656, 657**
Company's telephone number, including area code
6. **www.hcd.com.ph**
Company's official website
7. **7th Floor MAB Building PHMC REAL Street Pamplona III Las Pinas**
Metro Manila (as amended)
Former name, former address, and former fiscal year, if changed since last report.

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	See link (www.hcd.com.ph) "About Us"	1. Biographical Data of the BOD
2. Board has an appropriate mix of competence and expertise.	Compliant	See link (www.hcd.com.ph) "About Us"	1. Biographical Data of the BOD
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	See link (www.hcd.com.ph) "About Us" Note: Biographical Data is password protected and viewable only upon request.	1. Biographical Data of the BOD
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	See link (www.hcd.com.ph) "About Us"	1. Stated in the GIS, list of BOD
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of directors.	Compliant	See link (www.hcd.com.ph) "About Us"	HC&D copy of its Corporate Governance Manual. Page 18.

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	See link (www.hcd.com.ph) "About Us" P.18 Manual on Corporate Governance.	Provisions for Access and Accuracy of Information Professional Training, and Development found in the Manual on Corporate Governance.
3. Company has relevant annual continuing training for all directors.	Compliant	See link (www.hcd.com.ph) P.18 Manual on Corporate Governance.	Provisions for Access and Accuracy of Information Professional Training, and Development found in the Manual on Corporate Governance.
Recommendation 1.4			
1. Board has a policy on board diversity	Compliant	See link (www.hcd.com.ph) "About Us" Page 11 Manual on Corporate Governance	Provisions in the manual for Members of the Board for "appropriate membership mix or diversity taking into account the skills, representation, tenure, gender, age, and applicable experience" <ol style="list-style-type: none"> 1. Stated in the GIS - Currently 2 Female and 4 Male 2. In the process of amending the Articles Of Incorporation and By-Laws.
Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	Compliant	Provisions in the Manual for the appointment of Corp Sec. "should appoint a Corporate Secretary who shall be a Filipino citizen capable of carrying out the duties to which the post entails and his removal shall be a matter for the entire Board to decide.	Stated in the GIS -- Anthony Jose M. Tamayo as Corporate Secretary Page 16, Par. H of the Duties and Responsibilities
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	He/she must not be a Member of the Board and must not be appointed as Compliance Officer.	Page 16, Par. H of the Duties and Responsibilities
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant (But is compliant as far as the policy stated in the Manual)	See link (www.hcd.com.ph) "About Us"	Page 16, Par. H of the Duties and Responsibilities "CorGov Manual" In the process of amending the Articles Of Incorporation and By-Laws to be compliant.
4. Corporate Secretary attends training/s on corporate governance.	Compliant	See link (www.hcd.com.ph) "About Us"	Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval. April 30, 2021 Corporate Governance Orientation Program – Advanced Corporate Governance Training 8 Hours (1 Day Seminar) See Certificate of Training from ICD.

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Non-Compliant	See link (www.hcd.com.ph) "About Us" Provisions on the Manual on the Appointment of Compliance Officer (page 22) "CorGov Manual"	We are in the process of hiring a new compliance officer due to the untimely resignation of the previous personnel.
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation	Non-Compliant	See link (www.hcd.com.ph) "About Us" Provisions on the Manual on the Appointment of Compliance Officer (page 22) "CorGov Manual"	We are in the process of hiring a new compliance officer due to the untimely resignation of the previous personnel.
3. Compliance Officer is not a member of the board.	Non-Compliant	Provisions on the Manual on the Appointment of Compliance Officer (page 22) See link (www.hcd.com.ph)	We are in the process of hiring a new compliance officer due to the untimely resignation of the previous personnel.
4. Compliance Officer attends training/s on corporate governance annually.	Non-Compliant	See link (www.hcd.com.ph) "About Us" Provisions on the Manual on the Appointment of Compliance Officer (page 23) "CorGov Manual"	We are in the process of hiring a new compliance officer due to the untimely resignation of the previous personnel.

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1			
1. Directors act on a fully informed basis, in goodfaith, with due diligence and care, and in the best interest of the company	Compliant	Company is a family owned Corporation. In the process of amending the Articles Of Incorporation and By-Laws.	"CorGov Manual" Corporate Principles of Manual (Page2)

Recommendation 2.2			
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1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Company is a family owned Corporation. In the process of amending the Articles Of Incorporation and By-Laws.	"CorGov Manual" Corporate Principles and Governance Framework of Manual (Page2-3)
2. Board oversees and monitors implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant	Company is a family owned Corporation. In the process of amending the Articles Of Incorporation and By-Laws.	"CorGov Manual" Corporate Principles and Governance Framework of Manual (Page2-3)
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Biographical Data of the BOD Antonio L. Tamayo, Chairman & CEO – Founder of the hospital and school (core businesses of the Tamayo Family) See link (www.hcd.com.ph) "About Us"	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	See link (www.hcd.com.ph) Several provisions on Election (re- election) are present in the Manual (C.3 page 5; F.2 page 14; F.6 page 18)	In the process of amending the Articles Of Incorporation and By-Laws.
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	Provision on Permanent Disqualification, last bullet page 14	In the process of amending the Articles Of Incorporation and By-Laws.
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Board Remuneration, page 17 "CorGov Manual" See link (www.hcd.com.ph)	

2. Board aligns the remuneration of key officers and board members with long-term interests of the company	Compliant	See link (www.hcd.com.ph) "About Us"	Board Remuneration, page 17 "CorGov Manual"
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	See link (www.hcd.com.ph)	Board Remuneration, page 17 "CorGov Manual"

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	See Link (www.hcd.com.ph) "About Us"	Provisions in the Manual on which says 'If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board.' (page 15-16)
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	See link (www.hcd.com.ph)	Provisions in the Manual on the Nomination Committee, page 7
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Non-Compliant	See link (www.hcd.com.ph)	Would amend the Manual and/or By-laws as necessary.
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant	See link (www.hcd.com.ph)	Provisions in the Manual on the Nomination Committee, page 8
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	See link (www.hcd.com.ph)	Provisions in the Manual on the Nomination Committee, page 7-8
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		Provisions in the Manual on the Nomination Committee, page 8
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	See link (www.hcd.com.ph) C4, page 4 (CorGov Manual)	HC&D undertakes to formulate a clearer Board approved RPT Policy
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	Non-Compliant		Compliance officer will be elected/appointed upon approval of the Amended Articles of Incorporation from the SEC
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non-Compliant		

Recommendation 2.8

<p>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).</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us" Please see Provisions on Corporate Principles, page 2; Executive Officers Page 21 (CorGov Manual)</p>	
<p>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).</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us"</p>	<p>GOVERNANCE SYSTEM AND STRUCTURE "The Board is primarily responsible for approving and overseeing the implementation of the Company's strategic objectives, risk strategy, corporate governance and corporate values, including the means to effectively monitor senior management's performance." Page 4 (CorGov Manual)</p>

Recommendation 2.9

<p>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.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph)</p>	<p>GOVERNANCE SYSTEM AND STRUCTURE "The Board is primarily responsible for approving and overseeing the implementation of the Company's strategic objectives, risk strategy, corporate governance and corporate values, including the means to effectively monitor senior management's performance." Page 4</p>
<p>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.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph)</p>	<p>GOVERNANCE SYSTEM AND STRUCTURE "The Board is primarily responsible for approving and overseeing the implementation of the Company's strategic objectives, risk strategy, corporate governance and corporate values, including the means to effectively monitor senior management's performance." Page 4</p>

Recommendation 2.10

<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us" (CorGov Manual)</p>	<p>Provisions on INTERNAL CONTROL "The Board shall regularly review the system of ensuring adherence to key internal policies as well as to significant laws and regulations that may apply. An effective and comprehensive internal audit of the corporation's internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and the senior management level of the corporation." (page 20)</p>
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph)</p>	<p>Provisions on INTERNAL CONTROL "The Board shall regularly review the system of ensuring adherence to key internal policies as well as to significant laws and regulations that may apply. An effective and comprehensive internal audit of the corporation's internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and the senior management level of the corporation." (page 20)</p>
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph)</p>	<p>Provisions on INTERNAL CONTROL "The Board shall regularly review the system of ensuring adherence to key internal policies as well as to significant laws and regulations that may apply. An effective and comprehensive internal audit of the corporation's internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and the senior management level of the corporation."</p>

				The Board shall ensure that adequate financial controls are observed. The Board shall foster and encourage a corporate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and Code of Conduct. " (page 20-21)
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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	See link (www.hcd.com.ph) "About Us"		Provisions on Internal Control and Risk Management (page 20-21) (CorGov Manual)
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	See link (www.hcd.com.ph)		Provisions on Internal Control and Risk Management (page 20-21, and Governance Framework (pages 3-4)

Recommendation 2.12				
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	See Manual on www.hcd.com.ph		
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	See Manual on www.hcd.com.ph		Corporate Principles (page 2)
3. Board Charter is publicly available and posted on the company's website .	Compliant	See Manual on www.hcd.com.ph		

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				
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1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	See Manual on www.hcd.com.ph "About Us"	Manual provides for Regular Committees (page 7-11)
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	See Manual on www.hcd.com.ph	Manual provides for Audit Committee (page 8-9) Would amend the Manual and/or By-Laws as necessary.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	See Manual on www.hcd.com.ph	Manual provides for Audit Committee (page 8-9) Would amend the Manual and/or By-Laws as necessary.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	See Manual on www.hcd.com.ph	Manual provides for Audit Committee (page 8-9) Would amend the Manual and/or By-Laws as necessary.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	See Manual on www.hcd.com.ph	Manual provides for Audit Committee (page 8-9) Would amend the Manual and/or By-Laws as necessary.
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Non-Compliant		All the regular Committee, The Board, and Officers with all their functions and duties generally comprise the commitment to sound corporate governance, based on the provisions on the Manual on corporate governance. However, a specific corporate governance committee is yet to be formalized. Will amend the Articles of Incorporation and Manual accordingly. Establishment of the Corporate Governance Committee upon approval of the Amended Articles of Incorporation from the SEC

2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Non-Compliant		<p>All the regular Committee, The Board, and Officers with all their functions and duties generally comprise the commitment to sound corporate governance, based on the provisions on the Manual on corporate governance. However, a specific corporate governance committee is yet to be formalized. Will amend the Articles of Incorporation and Manual accordingly.</p> <p>Establishment of the Corporate Governance Committee upon approval of the Amended Articles of Incorporation from the SEC</p>
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant		<p>All the regular Committee, The Board, and Officers with all their functions and duties generally comprise the commitment to sound corporate governance, based on the provisions on the Manual on corporate governance. However, a specific corporate governance committee is yet to be formalized. Will amend the Articles of Incorporation and Manual accordingly.</p> <p>Establishment of the Corporate Governance Committee upon approval of the Amended Articles of Incorporation from the SEC</p>

Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	See Manual on www.hcd.com.ph "About Us"	The Audit Committee shares some activities or functions for risk management, not to mention the specific provision of Risk Management (page 20) The Risk Committee (Monitoring and Assessment Provision, Page 20) is likewise recognized in the Manual but currently not included as part of the regular committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats. Documents for Amendment of the Articles of Incorporation have been filed with the SEC. awaiting SEC approval
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	See Manual on www.hcd.com.ph	B.4 and B.5 of the Manual (page 6)
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats. Documents for Amendment of the articles of incorporation have been filed with the sec. awaiting sec approval
Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats. Documents for Amendment of the Articles of Incorporation have been filed with the SEC. awaiting SEC approval

<p>2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p>	<p>Non-Compliant</p>		<p>Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats.</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval</p>
Recommendation 3.6			
<p>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.</p>	<p>Non-Compliant</p>		<p>Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats.</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. awaiting sec approval</p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Non-Compliant</p>		<p>Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats.</p> <p>Documents for amendment of the Articles of Incorporation have been filed with the SEC. awaiting SEC approval</p>
<p>3. Committee Charters were fully disclosed on the company's website .</p>	<p>Non-Compliant</p>		<p>Currently in the process of amending AOI to include more directors. HC&D's current Board cannot fill-in the Committee without violating prohibited multiple committee seats.</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.</p>

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

Recommendation 4.1			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission	Compliant	www.hcd.com.ph	Stated in the Articles Of Incorporation & By-Laws
2. The directors review meeting materials for all Board and Committee meetings	Compliant	See CorGov Manual on www.hcd.com.ph	Corporate Principles and Governance Framework (Page 2-4)
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	See CorGov Manual on www.hcd.com.ph	Corporate Principles and Governance Framework (Page 2-4)
Recommendation 4.2			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-Compliant		In the process of amending the Articles Of Incorporation and By-Laws to be compliant. Documents for Amendment of the Articles of Incorporation have been filed with the SEC. awaiting SEC approval.

Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company	Compliant	See Manual on www.hcd.com.ph "About Us" (CorGov Manual)	Provisions on the Nomination Committee including its guidelines for nomination (page 8) Will amend the AOI and By-laws as well as Manual as necessary. Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.

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.

Non-Compliant

(CorGov Manual)

The Corporation shall have such number of Independent Directors that constitute at least twenty percent (20%) of the members of the Board of Directors, but in no case be less than two (2) provided that any fractional result from applying the required minimum portion, i.e. 20%, shall be rounded up to the nearest whole number. (page 14)

In the process of amending the Articles Of Incorporation and By-Laws to be compliant.

Documents for Amendment of the Articles of Incorporation have been filed with the SEC. awaiting SEC approval

Recommendation 5.2

1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.

Compliant

See Manual on www.hcd.com.ph "About Us" (CorGov Manual)

Provision on Independent Directors, (page 14-15)

In the process of amending the Articles Of Incorporation and By-Laws to reach the ample numbers of directors.

Recommendation 5.3

1. The independent directors serve for a maximum cumulative term of nine years.

Compliant

See Manual on www.hcd.com.ph

Provision on Independent Directors, (page 14-15)

In the process of amending the Articles Of Incorporation and By-Laws to reach the ample numbers of directors.

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.			
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	See Manual on www.hcd.com.ph "About Us" (CorGov Manual)	Provision on Independent Directors, (page 14-15) In the process of amending the Articles Of Incorporation and By-Laws to reach the ample numbers of directors.
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	Compliant	No ID shall serve in any capacity after sitting in the Board for 9 years. Provision on Independent Directors, (page 14-15)	In the process of amending the Articles Of Incorporation and By-Laws to reach the ample numbers of directors.

Recommendation 5.4

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Non-Compliant</p>		<p>B.5) Where the roles are combined, there shall be a strong independent element on the Board. Check and balance shall be clearly provided for, to help ensure that independent outside views, perspectives and judgments are given proper hearing on the Board. The Chairman of the Board shall be a non-executive director, and as such cannot be likewise be the Chief Executive Officer. (page 6)</p> <p>In the process of amending the Articles Of Incorporation and By-Laws to be compliant.</p> <p>Antonio L. Tamayo – Chairman & CEO</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.</p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us"</p> <p>Antonio L. Tamayo – Chairman & CEO</p>	<p>Manual provides for separate provisions for the Chairman (page 22 and 26) and CEO (page 10)</p> <p>In the process of amending the Articles Of Incorporation and By-Laws to be compliant.</p>

Recommendation 5.5

<p>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 .</p>	<p>Non-Compliant</p>		<p>In the process of amending the Articles Of Incorporation and By-Laws.</p> <p>There is a provision in B.5 (page 6).</p> <p>Chairman is not independent (Antonio L Tamayo, Founder and Owner)</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.</p>
<p>Recommendation 5.6</p>			
<p>1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us" (CorGov Manual)</p>	<p>Directors, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He shall avoid situations that would compromise impartiality. (page 15)</p>

Recommendation 5.7

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant	<p>In the process of amending the Articles Of Incorporation and By-Laws to reach the ample numbers of directors.</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.</p> <p>In the process of amending the Articles Of Incorporation and By-Laws to reach the ample numbers of directors.</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.</p>
2. The meetings are chaired by the lead independent director.	Non-Compliant	

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

Recommendation 6.1

1. The Board conducts an annual assessment of performance as a whole,	Non-Compliant	<p>The organization is a family owned company and all of the board members are family members.</p> <p>Provisions on MONITORING AND ASSESSMENT. (page 24)</p> <p>Will amend the AOI and By-Laws as well as the Manual as necessary.</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval.</p> <p>"The Chairman's performance is evaluated by non-executive Directors, taking into consideration the views of the executive</p>
2. The performance of the Committees, the Chairman is assessed annually by the Board,	Non-Compliant	
3. The performance of the individual member of the Board is assessed annually by the Board,	Non-Compliant	

<p>4. The performance of each committee is assessed annually by the Board.</p>	<p>Non-Compliant</p>		<p>Director. Non-executive Directors shall submit an accomplished Assessment Form of the Board Chairman (Annex A) to the Governance Committee". (page 24)</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval</p> <p>Each Board Committee shall report regularly to the Board and the latter shall conduct an annual evaluation of the former's performance through self-assessment by the individual Director of their respective individual performance, the performance of their Board Committee to which they belong, and the Board as a whole through the accomplishment of Self-Assessment Forms (SAF). (page 24)</p> <p>In the process of amending the Articles Of Incorporation and By-Laws to be compliant</p> <p>Documents for Amendment of the Articles of Incorporation have been filed with the SEC. Awaiting SEC approval</p>
<p>5. Every three years, the assessments are supported by an external facilitator.</p>	<p>Compliant</p>		<p>Compliant based on the 3-year schedule</p>

Recommendation 6.2

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees	Non-Compliant		<p>HC&D to formulate a system to comply.</p> <p>Will amend the Manual as necessary.</p> <p>Amendment of the Corporate Governance Manual is ongoing to address this matter.</p>
2. The system allows for a feedback mechanism from the shareholders	Non-Compliant		<p>HC&D to formulate a system to comply.</p> <p>Will amend the Manual as necessary.</p> <p>Amendment of the Corporate Governance Manual is ongoing to address this matter.</p>

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<p>Provision on the Policy to promote and adhere to Code of Conduct and Ethics (page 24) – CorGov Manual</p> <p>See Link (www.hcd.com) "About Us"</p>	
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2. The Code is properly disseminated to the Board, senior management and employees.	Non-Compliant		To formulate a more comprehensive Code of Conduct and Ethics.
3. The Code is disclosed and made available to the public through the company website.	Non-Compliant		For posting to company website once available and done. (www.hcd.com.ph)
<p>Recommendation 7.2</p> <p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p> <p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>NonCompliant</p> <p>Compliant</p>		<p>To formulate a more comprehensive COCE</p> <p>Provision on the Policy to promote and adhere to Code of Conduct and Ethics (page 24)</p> <p>To formulate a more comprehensive Code of Conduct and Ethics.</p> <p>To formulate a more comprehensive COCE</p> <p>Provision on the Policy to promote and adhere to Code of Conduct and Ethics (page 24)</p> <p>To formulate a more comprehensive Code of Conduct and Ethics.</p>

Disclosure and Transparency

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

Recommendation 8.1

<p>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.</p>	<p>Compliant</p>	<p>Provision on the Policy to promote and adhere to Code of Conduct and Ethics (page 24)</p> <p>See link (www.hcd.com.ph) "About Us"</p>	<p>Provisions on REPORTORIAL AND DISCLOSURE SYSTEM (page 25)</p> <p>(CorGov Manual)</p>
<p>Recommendation 8.3</p>			
<p>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.</p>	<p>Compliant</p>		<p>To formulate a more comprehensive COCE</p> <p>The organization is a family owned company and all of the board members are family members.</p> <p>To formulate a more comprehensive Code of Conduct and Ethics.</p>
<p>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.</p>	<p>Compliant</p>		<p>To formulate a more comprehensive COCE</p> <p>The organization is a family owned company and all of the board members are family members.</p> <p>To formulate a more comprehensive Code of Conduct and Ethics.</p>
<p>Recommendation 8.4</p>			
<p>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.</p>	<p>Compliant</p>	<p>Provision on Board Remuneration. (page 17) (CorGov Manual)</p> <p>See link (www.hcd.com.ph) "About Us"</p>	

<p>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.</p>	<p>Compliant</p>	<p>"Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off-balance sheet transactions." Page 25 See link (www.hcd.com.ph)</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>		<p>The organization is a family owned company and all of the board members are family members. To formulate a more comprehensive COCE To formulate a more comprehensive Code of Conduct and Ethics.</p>
<p>Recommendation 8.5</p>			

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Non-Compliant</p>		<p>In the process of amending the Articles Of Incorporation and By-Laws to be compliant. To formulate a more comprehensive COCE To formulate a more comprehensive Code of Conduct and Ethics.</p>
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<p>2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.</p>	<p>Non-Compliant</p>		<p>In the process of amending the Articles Of Incorporation and By-Laws to be compliant.</p> <p>To formulate a more comprehensive COCE</p> <p>To formulate a more comprehensive Code of Conduct and Ethics.</p>
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Recommendation 8.7

<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us"</p>	
<p>2. Company's MCG is posted on its company website.</p>	<p>Compliant</p>	<p>See link (www.hcd.com.ph) "About Us"</p>	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Appointment of the audit committee upon approval of the amended articles of incorporation from the sec
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Appointment of the Audit Aommittee upon approval of the amended Articles of Incorporation from the sec
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant		For compliance when required
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: 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.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Establishment of the Audit Committee upon approval of the amended Articles of Incorporation from the SEC
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Establishment of Audit Committee upon approval of the amended Articles of Incorporation from the SEC

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Recommendation 9.3

1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Formulation of a process/system and more comprehensive COCE to comply.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Formulation of a process/system and more comprehensive COCE to comply.

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Formulation of a process/system and more comprehensive COCE to comply.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Formulation of a process/system and more comprehensive COCE to comply.

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	Compliant	www.hcd.com.ph	
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a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.		Plan Packages with Premiums General Limitations & Exclusions of the Plans	
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	See link (www.hcd.com.ph) "About Us" Provision on Internal Control and Risk Management (page 20) – CorGov Manual	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	See link (www.hcd.com.ph) "About Us" Provision on Internal Control and Risk Management (page 20) – CorGov Manual	
Recommendation 12.2			
. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	In-house internal audit. (Services being shared by the Group of Cos.)	

1. The company has a qualified Chief Audit Executive appointed by the Board	Compliant		<p>HC&D to formulate a process/system and more comprehensive COCE to comply.</p> <p>(Services being shared by the Group of Cos.)</p> <p>Audit is currently under the Office of the Chief Finance Officer as a shared service of the group</p>
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		<p>HC&D to formulate a process/system and more comprehensive COCE to comply.</p> <p>Audit is currently under the Office of the Chief Finance Officer as a shared service of the group</p>
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced Internal audit activity.	Compliant		

Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		<p>HC&D to formulate a process/system and more comprehensive COCE to comply.</p> <p>Formulation of a process/system and more comprehensive COCE to comply.</p>
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		<p>HC&D to formulate a process/system and more comprehensive COCE to comply.</p> <p>Formulation of a process/system and more comprehensive COCE to comply.</p>
2. CRO has adequate authority, stature, resources And support to fulfill his/her responsibilities.	Non-Compliant		<p>HC&D to formulate a process/system and more comprehensive COCE to comply.</p> <p>Formulation of a process/system and more comprehensive COCE to comply.</p>

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

Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant		
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Recommendation 13.3

1 Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant		HC&D to formulate a process/system and more comprehensive COCE to comply. Formulation of a process/system and more comprehensive COCE to comply.
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<p>2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting</p>	<p>Non-Compliant</p>		<p>HC&D to formulate a process/system and more comprehensive COCE to comply.</p> <p>Formulation of a process/system and more comprehensive COCE to comply.</p> <p>For posting to company website once available and done. (www.hcd.com.ph)</p>
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Recommendation 13.4

Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant		HC&D will incorporate amendments to the Manual for these provisions. Formulation of a process/system and more comprehensive COCE to comply.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant		HC&D will incorporate amendments to the Manual for these provisions.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant		
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	See link (www.hcd.com.ph) "About Us" (CorGov Manual)	Each director shall represent all shareholders and shall be in a position to participate independently and objectively (page 18) The organization is a family owned company and all of the board members are family members.

Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant		The organization is a family owned company and all of the board members are family members.
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	See www.hcd.com.ph (About Us)	"CorGov Manual"
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	See www.hcd.com.ph (About Us)	"CorGov Manual"
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	See www.hcd.com.ph (About Us)	"CorGov Manual"
Recommendation 15.3			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Non-Compliant		HC&D will incorporate amendments to the Manual for these provisions.
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2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Non-Compliant		HC&D will incorporate amendments to the Manual for these provisions.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Non-Compliant		HC&D will incorporate amendments to the Manual for these provisions.

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

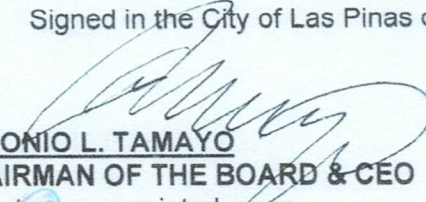
Recommendation 16.1

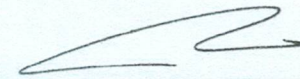
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant		The School and Hospital (Core Businesses of the Tamayo) are currently achieving these objectives as part of their operational activities
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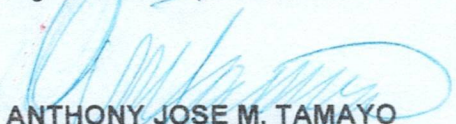
CERTIFICATION

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

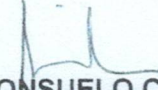
Signed in the City of Las Pinas on the 7th day of April 2025.


ANTONIO L. TAMAYO
CHAIRMAN OF THE BOARD & CEO
Signature over printed name


RICHARD ANTONIO M. TAMAYO
PRESIDENT
Signature over printed name


ANTHONY JOSE M. TAMAYO
CORPORATE SECRETARY
Signature over printed name

For Appointment
CORPORATE GOVERNANCE
COMPLIANCE OFFICER
Signature over printed name


MA. CONSUELO C. REYES
INDEPENDENT DIRECTOR
Signature over printed name

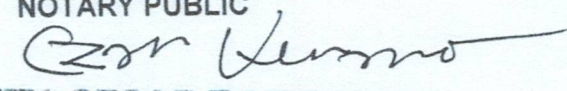

PHILIP ERNEST K. CRISOSTOMO
INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this JUN 25 2025 day of JUNE, 2025, 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:

CITY OF MAKATI

NAME	ID NO.	DATE/PLACE ISSUED
Antonio L. Tamayo	N-04164	11/29/2005 Las Pinas City (Senior ID)
Anthony Jose M. Tamayo	N26 96-000152	(Driver's License)
Richard Antonio M. Tamayo	P4670060A	10/09/2017 Manila (Passport)
Ma. Consuelo C. Reyes		
Philip Ernest K. Crisostomo		

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Book No. XXXX
Series of 20 25

NOTARY PUBLIC

ATTY. CESAR T. VERANO
NOTARY PUBLIC MAKATI CITY
APPOINTMENT NO. M-029
VALID UNTIL DECEMBER 31 2025
ISSUED ON: DECEMBER 31 2023
PTR NO.: MKT 10465516 / 01-02-2025 / MAKATI CITY
IBP NO.: 484720 ROLL NO. 29024
MCLE COMPLIANCE NO. VII-0023845
VALID UNTIL DECEMBER 31, 2025
OFFICE ADDRESS: #2733 G/F CARREON BLDG.
ZENAIDA ST., BRGY. POBLACION MAKATI CITY