

COVER SHEET

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S.E.C. Registration Number

H O U S E O F I N V E S T M E N T S I N C . *

(Company's Full Name)

3 / F L O O R G R E P A L I F E B U I L D I N G 2 1 9

S E N . G I L P U Y A T A V E N U E M A K A T I

(Business Address: No. Street City/ Town/ Province)

Mr. Jose A. Tanjangco

Contact Person

815-96-36

Company Telephone Number

0 5 2 9

Month Day
Quarter Ending

SEC FORM I-ACGR

FORM TYPE

1 2 1 7

Month Year
Fiscal Year Ending

Secondary License Type, If Applicable

Dept. Requiring this Doc.
Number/Section

Amended Articles

Total No. Of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

* Full Name as it appears in the Company's Charter: House of Investments, Inc. doing business also under the names of Honda Cars Quezon City, Honda Cars Manila, Honda Cars Marikina, Honda Cars Fairview, Honda Cars Tandang Sora, Honda Cars Marcos Highway, Isuzu Manila, Isuzu Commonwealth, Isuzu Greenhills, Isuzu Leyte.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

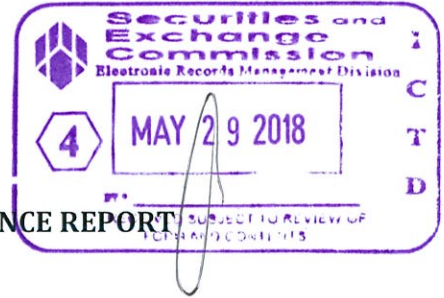
These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" - derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" - derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations" - CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation" - practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) - (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*"Not Applicable" or "None" shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE:**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

- 1. For the fiscal year **December 31, 2017**
- 2. SEC Identification Number **15393** 3. BIR Tax Identification No. **000-463-069-000**
- 4. Exact name of issuer as specified in its charter **HOUSE OF INVESTMENTS, INC.**
- 5. **Philippines** 6. (SEC Use Only)
 Province, Country or other jurisdiction of Industry Classification Code:
 incorporation or organization
- 7. **3rd Floor, Grepalife Building 219 Sen Gil Puyat Avenue Makati City 1200**
 Address of principal office Postal Code
- 8. **632- 815- 96-36**
 Issuer's telephone number, including area code
- 9. **NOT APPLICABLE**
 Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT		EXPLANATION
COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	
The Board's Governance Responsibilities		
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability 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	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) Part III Control and Compensation
2. Board has an appropriate mix of competence and expertise.	Compliant	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Qualification of Directors
Recommendation 1.2		
1. Board is composed of a majority of non-executive directors.	Compliant	https://hoi.com.ph Company Profile - Board of Directors
Recommendation 1.3		
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance/ Training Process.
2. Company has an orientation program for first time directors.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance/ Training Process.

3. Company has relevant annual continuing training for all directors.	Compliant	Cyber Security Seminar with Anti Money Laundering Updates conducted by Fire Eye, Inc. IBM Security Services, Singapore and Rizal Commercial Banking Corp September 26, 2017	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Board Governance	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) Part III Control and Compensation-	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Cyber Security Seminar with Anti Money Laundering Updates conducted by Fire Eye, Inc. IBM Security Services, Singapore and Rizal Commercial Banking Corporation September 26, 2017	
Optional: Recommendation 1.5			

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	
Recommendation 1.6				
1. Board is assisted by a Compliance Officer.	Compliant		https://hoi.com.ph	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		Corporate Governance – Manual on Corporate Governance – Part III Implementing Guidelines Item M. 1 The Compliance Officer.	
3. Compliance Officer is not a member of the board.	Compliant		SEC Filings/ Annual Report (Sec Form 17-A) PART III –Control and Compensation.	
4. Compliance Officer attends training/s on corporate governance.	Compliant		2017 PSE Annual Disclosure Rules Seminar - November 27, 2017. Cyber Security Seminar with Anti Money Laundering Updates – September 26, 2017.	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.				
Recommendation 2.1				
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant		Board Meetings March 31, July 21, Sep. 29, Nov. 7, Dec 8 and December 12, 2017	
Recommendation 2.2				
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant		Board Meetings March 31, July 21, Sep. 29, Nov. 7, Dec 8 and December 12, 2017	

2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	Board Meetings March 31, July 21, Sep. 29, Nov. 7, Dec 8 and December 12, 2017	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	https://hoi.com.ph Home-Our Company - Vision and Mission Reviewed Annually	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance –Strategy Setting and Planning.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) Part III Control and Compensation,	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	https://hoi.com.ph Corporate Governance: Manual on Corporate Governance-Board Governance	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	The company has an existing retirement package for directors and key officers but cannot be stated here due to Data Privacy Policy of the Company.	
Recommendation 2.5			

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	https://hoi.com.ph Company Disclosures –SEC Filings /Annual Report (SEC Form 17-A) Part III Control and Compensation Information.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	https://hoi.com.ph Company Disclosures –SEC Filings /Annual Report (SEC Form 17-A) Part III Control and Compensation Information.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	https://hoi.com.ph Company Disclosures –SEC Filings /Annual Report (SEC Form 17-A) Part III Control and Compensation Information.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	https://hoi.com.ph Corporate Governance– Manual on Corporate Governance –PART III – Implementing Guidelines – Item Q- Stockholders Right and Protection of Minority Stockholders' Interest.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	https://hoi.com.ph Corporate Governance- Manual on Corporate Governance – PART III – Implementing Guidelines Item D – Qualification of Directors,	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
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		
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) – Consolidated Statements of	

<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p>Financial Position – Note 22 Related Party Transactions,</p>	
<p>Supplement to Recommendations 2.7</p>			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Disclosure-SEC Filings/Annual Report (SEC Form 17-A) – Consolidated Statements of Financial Position – Note 22 Related Party Transactions,</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Disclosure-SEC Filings/Annual Report (SEC Form 17-A) – Consolidated Statements of Financial Position – Note 22 Related Party Transactions</p>	
<p>Recommendation 2.8</p>			
<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>https://hoi.com.ph Corporate Governance – Manual on Corporate governance. –Part III- Implementing Guidelines – Board Governance The Management Team is composed of:</p>	

			<p>a. Chairman of the Board b. President c. Chief Operating Officer d. Chief Audit Executive e. Treasurer f. Corporate Secretary g. Compliance Officer h. Chief Risk Officer and other company officers</p>	
			<p>https://hoi.com.ph Corporate Governance – Manual on Corporate Governance- Part III – Implementing Guidelines Item A. Board Governance</p>	
Recommendation 2.9				
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant		<p>https://hoi.com.ph Corporate Governance – Manual on Corporate Governance- Part III – Implementing Guidelines Item A. Board Governance</p>	
Recommendation 2.10				
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant			
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant			
Recommendation 2.10				
1. Board oversees that an appropriate internal control system is in place.	Compliant		<p>https://hoi.com.ph Corporate Governance– Manual on Corporate Governance – PART III –</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>	Compliant	Implementing Guidelines Item O – Accountability and Audit	
<p>3. Board approves the Internal Audit Charter.</p>	Compliant	<p>https://hoi.com.ph REGULAR MEETING OF THE HI BOARD OF DIRECTORS - SEPTEMBER 29, 2017.</p>	
Recommendation 2.11			
<p>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.</p>	Compliant	<p>https://hoi.com.ph Corporate Governance– Manual on Corporate Governance – Part III Implementing Guidelines Item K- Board Committees</p>	
<p>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.</p>	Compliant		
Recommendation 2.12			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	Compliant	The Board Charter is embodied in the provisions of its Manual on Corporate Governance particularly found in Sections D to J.	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	Compliant	<p>https://hoi.com.ph Corporate Governance– Manual on Corporate Governance – Implementing Guidelines Item G – Responsibilities, Duties and Function of the Board</p>	
<p>3. Board Charter is publicly available and posted on the company's website.</p>	Compliant		

Additional Recommendation to Principle 2		
1. Board has a clear insider trading policy.	Compliant	https://hoi.com.ph Corporate Governance–Code of Business Conduct and Ethics.
Optional: Principle 2		
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Transactions requiring Board Approval: 1. Declaration of Dividends 2. Acquisition, Merger or Joint Ventures with other Companies. 3. Financial Statements submitted for compliance purposes to regulatory agencies 4. Promotions of Company Officers 5. Appointment of external auditors These are disclosed to SEC and PSE
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.		
Recommendation 3.1		
1. Board establishes board committees that focus on specific board functions to aid in	Compliant	https://hoi.com.ph

the optimal performance of its roles and responsibilities.		Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017	
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	https://hoi.com.ph Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	https://hoi.com.ph Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) Part III Control and Compensation.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	https://hoi.com.ph Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	https://hoi.com.ph Audit Committee Charter Part D – Oversight on External Audit item 3.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Audit Committee conducts regular dialogues with the external auditors before the start of the Audit	

			Committee meetings without anyone from the management team present.	
Optional: Recommendation 3.2				
1. Audit Committee meet at least four times during the year.	Compliant		HI Audit Committee meetings were conducted four times during the year and minutes of the meeting are on file.	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant		<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter D – Oversight on External Audit item 3</p> <p>https://hoi.com.ph Corporate Governance-Minutes of the Regular Board Mtg. September 29, 2017.</p>	
Recommendation 3.3				
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant		<p>https://hoi.com.ph Corporate Governance– Manual on Corporate Governance – Implementing Guidelines Item k.2 – Corporate Governance and Nomination Committee.</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant		<p>https://hoi.com.ph Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017</p>	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant		<p>https://hoi.com.ph Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017</p>	
Optional: Recommendation 3.3.				

1. Corporate Governance Committee meet at least twice during the year.	Compliant	Corporate Governance Committee Meetings - May 23 and November 8, 2017.	
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	https://hoi.com.ph Minutes of the Organizational Meeting of HI Board of Directors July 21, 2017.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	https://hoi.com.ph Corporate Governance – Minutes of the Organizational Meeting of the Board – July 21, 2017	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	https://hoi.com.ph Corporate Governance – Minutes of The meeting – HI Board Organizational Meeting – July 21, 2017	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) Part III Control and Compensation	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The functions of the Related Party Transactions Committee are performed by the Audit Committee and presented to the Board for approval.	
2. RPT Committee is composed of at least three non-executive directors, two of	Compliant	The Audit Committee is composed of three directors, two are independent	

whom should be independent, including the Chairman.		directors. The Chairman is one of the independent directors.	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	https://hoi.com.ph Corporate Governance – Audit, Board Risk Oversight, Corporate Governance and Nomination and Remuneration Committee Charters	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	https://hoi.com.ph Corporate Governance – Audit Committee and Board Risk Oversight, Corporate Governance and Nomination Committee Charters – Duties and Responsibilities	
3. Committee Charters were fully disclosed on the company's website.	Compliant	https://hoi.com.ph Corporate Governance – Audit, Board Risk Oversight, Corporate Governance and Nomination and Remuneration Committee Charters	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	https://hoi.com.ph Corporate Disclosure – SEC Form 17-C, Directors Attendance	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Materials are sent prior to Board and Committee meetings	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>HI Board of Directors meetings, Board Risk Oversight Committee, Audit Committee and Corporate Governance and Nomination Committee Meetings</p>	
<p>Recommendation 4.2</p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Not Compliant</p>		<p>The Company does not see this as an issue as our Non-executive directors, with their vast knowledge and experience, continue to provide valuable contribution to the Company.</p>
<p>Recommendation 4.3</p>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Directors inform the Board during BOD meetings in cases where they accept directorships in other companies for transparency.</p>	
<p>Optional: Principle 4</p>			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>			
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Our Company- Amended By Laws, Stockholders Meetings.</p>	
<p>3. Board of directors meet at least six times during the year.</p>	<p>Compliant</p>	<p>HOI Board Meetings- March 31, July 21, Sep 29, Nov. 7, and Dec. 8, and 12, 2017</p>	
<p>4. Company requires as minimum quorum of at least 2/3 for board decisions.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Our Company – Amended By Laws – Section 4 - Quorum</p>	
<p>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</p>			

Recommendation 5.1		
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	https://hoi.com.ph Minutes of the Meeting July 21, 2017 Organizational Meeting of the Board of Directors of HI.
Recommendation 5.2		
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A) Part III Control and Compensation
Supplement to Recommendation 5.2		
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	The Company has no such agreements that may constrain the director's ability to vote independently.
Recommendation 5.3		
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/SEC Form 17-A Part IV Corporate Governance.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/SEC Form 17-A Part IV Corporate Governance.
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/SEC Form 17-A Part IV Corporate Governance.

Recommendation 5.4				
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	https://hoi.com.ph Company Disclosure-SEC Filings/SEC Form 17-A Part III Control and Compensation		
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	https://hoi.com.ph Corporate Governance- Manual on Corporate Governance Part III Implementing Guidelines Item C.1 The Chairperson and the Chief Executive Officer		
Recommendation 5.5				
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Not Compliant	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.		We will consider for implementation.
Recommendation 5.6				
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	There are no transactions that have material interest for anyone of the members of the Company's Board of Directors.		
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 present.	Compliant	The Board Sub Committees are all non-executive directors and meet regularly with external auditors, etc. without any executive present.		

2. The meetings are chaired by the lead independent director.	Not Compliant		To be implemented in 2018
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
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. Board conducts an annual self-assessment of its performance as a whole.	Not Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	To be implemented in 2018
2. The Chairman conducts a self-assessment of his performance.	Not Compliant		To be implemented in 2018
3. The individual members conduct a self-assessment of their performance.	Not Compliant		To be implemented in 2018
4. Each committee conducts a self-assessment of its performance.	Not Compliant		To be implemented in 2018
5. Every three years, the assessments are supported by an external facilitator.	Not Compliant		Identify the external facilitator and provide proof of use of an external facilitator.
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.	Not Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, including directors and committees, including a feedback mechanism from shareholders	To be implemented in 2018

2. The system allows for a feedback mechanism from the shareholders.	Compliant	https://hoi.com.ph Corporate Governance- Minutes of the Meeting Annual Stockholders Meeting.	
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	https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Copies of the Code of Business Conduct are given to all director, officers and employees and the code is also uploaded in the Company's website	
3. The Code is disclosed and made available to the public through the company website.	Compliant	https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics.	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Annually, officers are required to sign their agreement and promise to comply with the Code of Business Conduct and Ethics and internal	

<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>	<p>policies. The signed documents are included in the 201 files of each employee. All officers and employees are required to comply with the Code of Business Conduct and Ethics. There were no findings on non-compliance for the past three years.</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>All material information such as financial status, current events affecting the Company and other information are disclosed to government regulatory agencies through corporate disclosures and subsequently uploaded in the company's website. https://hoi.com.ph Company Disclosures</p>	
Supplement to Recommendations 8.1			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-</p>	<p>Compliant</p>	<p>Consolidated and interim reports were uploaded in the Company's website at least one day after such reports were submitted/accepted by the regulatory agencies. https://hoi.com.ph Company Disclosures</p>	

five (45) days from the end of the reporting period.				
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	https://hoi.com.ph Company Disclosures – SEC Filings Annual Report (17-A)		
Recommendation 3.2				
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	https://hoi.com.ph Corporate Governance – Code of Conduct and Business Ethics.		
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Board of Directors and officers are required to inform the Compliance Officer of any such dealings for proper disclosure.		
Supplement to Recommendation 8.2				
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	Board of Directors and officers are required to inform the Compliance Officer of any such dealings for proper disclosure.		
Recommendation 8.3				
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any	Compliant	https://hoi.com.ph Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation		

<p>potential conflicts of interest that might affect their judgment.</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>https://hoi.com.ph Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation and Security Ownership of Management</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.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation – Item 10 – Executive Compensation</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.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation – Item 10 – Executive Compensation</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation – Item 10 – Executive Compensation</p>	
<p>Recommendation 8.5</p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Manual on Corporate Governance Part III – Implementing Guidelines/Item 5 – Audit and Related Party Transactions Committee</p>	

2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	https://hoi.com.ph Company Disclosures – SEC Filings – Consolidated Financial Statements – Item 22 Related Party Transactions	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	There are no transactions between the Board of Directors and the Company that may result in conflict of interest.	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	https://hoi.com.ph Company Disclosures – SEC Filings – Consolidated Financial Statements – Item 22 Related Party Transactions	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	https://hoi.com.ph Company Disclosures - Press release https://hoi.com.ph Company Disclosures SEC Filing.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The appointment of an independent party to evaluate the fairness of the transaction will be done after the due diligence process and before the finalization of the contract.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on	Compliant	There are no shareholders agreements, voting trust agreements and any other such agreements that may impact on the control, ownership and strategic direction of the company.	

the control, ownership, and strategic direction of the company.			
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	https://hoi.com.ph Corporate Governance - Manual on Corporate Governance	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	The Company's MCG was submitted to SEC / PSE before May 31, 2017	
3. Company's MCG is posted on its company website.	Compliant	https://hoi.com.ph Corporate Governance- Manual of Corporate Governance	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	https://hoi.com.ph Corporate Governance - Manual on Corporate Governance	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	https://hoi.com.ph Company Disclosures SEC Filing - Annual Report (SEC Form 17-A)	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience,	Compliant		https://hoi.com.ph

and other directorships in listed companies) of all directors		Company Disclosures SEC Filing – Annual Report (SEC Form 17-A)	
f. Attendance details of each director in all directors meetings held during the year	Compliant	Certificate of Attendance to Board Meetings issued by the Corporate Secretary are submitted to SEC. https://hoi.com.ph	
g. Total remuneration of each member of the board of directors	Compliant	Company Disclosures SEC Filing – Annual Report (SEC Form 17-A) Part III –Control and Compensation item 10 https://hoi.com.ph	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	https://hoi.com.ph Company Disclosures SEC Filing – Annual Report (SEC Form 17-A)Part IV Corporate Governance	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	https://hoi.com.ph Company Disclosures SEC Filing – Annual Report (SEC Form 17-A – Statement of Management Responsibility for consolidated financial statements.	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	https://hoi.com.ph Company Disclosures SEC Filing – Annual Report (SEC Form 17-A – Statement of Management Responsibility for consolidated financial statements.	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	https://hoi.com.ph Company Disclosures SEC Filing – Annual Report (SEC Form 17-A – Part I Business and General Information.	

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

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3 – Roles and Responsibilities.</p>	
<p>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.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3 – Roles and Responsibilities.</p>	
<p>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.</p>	<p>Compliant</p>	<p>There is no event for the years the Company has been operating that an external auditor was removed.</p>	

Supplement to Recommendation 9.1

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>	
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Recommendation 9.2

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <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 	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>	
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<p>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.</p>			
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>	
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	Compliant	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	Compliant	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>	
Recommendation 9.3			
<p>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.</p>	Compliant	<p>The external auditors were contracted solely for audit purposes and not for other services.</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-</p>	Compliant	<p>https://hoi.com.ph Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>	

audit services, which could be viewed as impairing the external auditor's objectivity.			
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	The external auditors were contracted solely for audit purposes and not for other services.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<ul style="list-style-type: none"> • Wenda Lynn M. Loyala Engagement partner • Accreditation number; 1540-A • Date Accredited; March 16, 2016 • Expiry date of accreditation; March 8, 2019 • SGV & Co, Ayala Avenue, Makati City 	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	SGV & Co has not yet been visited/subjected to SOAR inspection.	
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 (ESG) issues of its business, which underpin sustainability.	Compliant	https://hoi.com.ph Corporate Disclosure-SEC Filings/Annual Report (SEC Form 17-A)	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	https://hoi.com.ph Corporate Disclosure-SEC Filings/Annual Report (SEC Form 17-A)	

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

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>Compliant</p>	<p>https://hoi.com.ph a. Analysts briefing b. Media briefings/press conferences, c. Quarterly reporting, Current reporting, etc.)</p>	
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Supplemental to Principle 11

<p>1. Company has a website disclosing up-to-date information on the following:</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Disclosure-SEC Filings/Annual Report (SEC Form 17-A)</p>	
<p>a. Financial statements/reports (latest quarterly)</p>	<p>Compliant</p>	<p>Financial reports are distributed to attendees of briefings</p>	
<p>b. Materials provided in briefings to analysts and media</p>	<p>Compliant</p>		
<p>c. Downloadable annual report</p>	<p>Compliant</p>		
<p>d. Notice of ASM and/or SSM</p>	<p>Compliant</p>		
<p>e. Minutes of ASM and/or SSM</p>	<p>Compliant</p>		
<p>f. Company's Articles of Incorporation and By-Laws</p>	<p>Compliant</p>		<p>https://hoi.com.ph Our Company – Articles of Incorporation and By Laws.</p>

Additional Recommendation to Principle 11

<p>1. Company complies with SEC-prescribed website template.</p>	<p>Compliant</p>	<p>https://hoi.com.ph</p>	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>Service programs ensure adequacy of internal control systems.</p> <ol style="list-style-type: none"> 1. Attendance of each director is monitored and reported. 2. All the financial reports were reviewed by the Audit Committee before being finalized and endorsed to the Board of Directors for approval and submission to pertinent offices. <p>Systems and measures have been undertaken such as strict observance of Code of Business Conduct and Ethics, financial and manpower audit, employees are required to attend seminars and continuous monitoring of compliance to government reportorial requirements.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Enterprise Risk Management framework guided by SGV & Co. https://hoi.com.ph</p> <p>Review of the enterprise risk management framework is adequate since it is done annually and approved by top management after the review of the Audit, Risk Council and Board Risk Oversight Committees.</p>	

Supplement to Recommendations 12.1

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.

Compliant

To ensure compliance with laws and relevant regulations for Bureau of Internal Revenue, accounting staff is assigned to monitor the compliance for monthly, quarterly and semi-annual and annual reports. Results of the monitoring is reported to the Controller on a monthly basis. For SEC and PSE, reports compliance is coordinated between the Compliance Officer and Accounting Department and Business Development Office. Accounting handles the structured reports while the Compliance and Business Development Office are assigned to comply with the unstructured reports. Frequency of review- monthly, quarterly, semi- annual and annual

Optional: Recommendation 12.1

1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.

Compliant

IT governance process and policies are kept and updated regularly by IT Department.

Recommendation 12.2

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.

Compliant

The Company has an internal audit department directly reporting to the Audit Committee.

Recommendation 12.3

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	Compliant	<p>SVP – ALEXANDER ANTHONY G. GALANG Chief Audit Executive (CAE). https://hoi.com.ph</p> <p>Corporate Disclosure – Manual of Corporate Governance – Part III Implementing Guidelines- Item O Accountability and Audit No. 3 Chief Audit Executive.</p>
<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.</p>	Compliant	<p>https://hoi.com.ph</p> <p>Corporate Disclosure – Manual of Corporate Governance – Part III Implementing Guidelines- Item O Accountability and Audit - No. 3 Chief Audit Executive.</p>
<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.</p>	Compliant	<p>The Company has Internal Audit Department who reports to the Audit Committee although there are some audit activities done by external auditors who are directly under the supervision of the Chief Audit Executive.</p>

Recommendation 12.4

<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	Compliant	<p>https://hoi.com.ph</p> <p>Corporate Governance – Manual on Corporate Governance – Part III Implementing guidelines item K No. 4. Board Risk Oversight</p>
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Supplement to Recommendation 12.4

<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	Compliant	<p>The services of SGV were engaged during the implementation of Enterprise Wide Risk Management Program for the Mapua Group.</p>
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Recommendation 12.5

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	AVP JOSE A. TANJANGCO III – Chief Risk Officer (CRO)	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	CRO has adequate authority emanating from the Board Risk Oversight Committee and the President.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Not Compliant	Provide link to CEO and CAE's attestation	Will comply in 2018
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	https://hoi.com.ph Our Company – Amended By-Laws	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	

3. Board has an effective, secure, and efficient voting system.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
7. Company has a transparent and specific dividend policy.	Compliant	https://hoi.com.ph Our Company – Amended By Law – Article 5 Dividends and Finance. https://hoi.com.ph Corporate Disclosure-SEC Filings/SEC Form 17-A – Part II Operational and Financial Information item 5 Dividends declared are paid on the average, 20 to 26 days after date of declaration. The company has not declared scrip dividends for the last five years.	

Optional: Recommendation 13.1

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
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 28 days before the meeting.	Not Compliant		The notice and agenda of stockholders' meeting or special stockholders' meeting are sent 15 days before the actual meeting, based on Company's By-Laws. We will consider for implementation
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Complaint	https://hoi.com.ph Notice of Annual Stockholders Meeting	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Complaint	Although they are not detailed in the notice, the data are in the SEC Form 17 – A given to them as materials for the meeting. https://hoi.com.ph Company Disclosure-SEC Filings/Annual Report (SEC Form 17-A)- Part III Control and Compensation Information.	
b. Auditors seeking appointment/re-appointment	Compliant	https://hoi.com.ph Notice of Annual Stockholders Meeting	
c. Proxy documents	Complaint	https://hoi.com.ph Notice of Annual Stockholders Meeting	
Optional: Recommendation 13.2			

1. Company provides rationale for the agenda items for the annual stockholders meeting		Provide link or reference to the rationale for the agenda items	
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.	Compliant	https://hoi.com.ph Company Disclosures - Minutes of the Meeting-Annual Stockholders Meeting.	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	https://hoi.com.ph Company Disclosures - Minutes of the Meeting-Annual Stockholders Meeting.	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	https://hoi.com.ph Company Disclosures - Minutes of the Meeting-Annual Stockholders Meeting.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Grievance Procedures	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Grievance Procedures	
Recommendation 13.5			

1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	MA ESPERANZA F. JOVEN Vice President 815-96-36 Loc.115 Fax Number 816-11-27 E-mail address: rjoven@hoi.com.ph IRO is present during the ASM.	
2. IRO is present at every shareholder's meeting.	Compliant		
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There are no takeover measures	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	The company's public float as of December 31, 2017 is 51.71%.	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	An Analyst Briefing is scheduled at the end of each Annual Stockholders Meeting.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
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	Compliant	https://hoi.com.ph	

<p>between them and the company in creating wealth, growth and sustainability.</p>		<p>Company Disclosures – SEC Form 17-11- List of Stockholders and Sec Form 17-12 – Top 100 Stockholders.</p>	
<p>Recommendation 14.2</p>			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Part III - Implementing Guidelines – Q-Stockholders Rights and Protection of Minority Stockholders Interest.</p>	
<p>Recommendation 14.3</p>			
<p>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.</p>	<p>Compliant</p>	<p>Ma Esperanza F. Joven Vice President – Finance 3rd floor, Grepalife Building 219 Sen. Gil Puyat Avenue, Makati Tel No. 815-96-36 Fax No. 816-11- 27 https://hoi.com.ph Corporate Governance –Whistle Blowing Policy.</p>	
<p>Supplement to Recommendation 14.3</p>			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Manual on Corporate Governance – Part III - Implementing Guidelines – Q-Stockholders Rights and Protection of Minority Stockholders Interest – Item 2- Grievance Procedure</p>	
<p>Additional Recommendations to Principle 14</p>			

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p>The Company does not request exemption from complying with any government regulatory agencies.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics There were no instances that this provision was violated.</p>	
<p>Optional: Principle 14</p>			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics</p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics</p>	
<p>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.</p>			
<p>Recommendation 15.1</p>			
<p>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.</p>	<p>Compliant</p>	<p>To encourage employees to actively participate in the realization of the company's goals and its governance, the Company uses the Merit based</p>	

			system to determine the annual salary increases of officers and employees of the company.	
Supplement to Recommendation 15.1				
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant		Merit based system is used to determine the annual salary increases of officers and employees of the company.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant		To maintain the physical well-being, employees are required to undergo annual physical examination. Also, employees are entitled to medicine reimbursements, group insurance hospitalization and personal accident insurance policy.	
3. Company has policies and practices on training and development of its employees.	Compliant		The Company includes in the annual evaluation form of all officers and employees the trainings and seminars attended during the period and training and learnings needed for the coming year.	
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		https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics- Fair Dealing, Gifts, entertainment and gifts.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		Annually, all employees are required to sign a disclosure statement attesting that they have read and	

		understand all the company policies and programs.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	https://hoi.com.ph Corporate Governance – Code of Business Conduct and Ethics – Policy Violations	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	https://hoi.com.ph Corporate Governance – Whistle Blowing Policy	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	https://hoi.com.ph Corporate Governance – Whistle Blowing Policy	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	https://hoi.com.ph Corporate Governance – Whistle Blowing Policy	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the	Compliant	https://hoi.com.ph Corporate Governance – Corporate Social Responsibility	

<p>advancement of the society where it operates.</p>			
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Corporate Social Responsibility</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>https://hoi.com.ph Corporate Governance – Corporate Social Responsibility</p>	

Signed this _____ day of May 2018 with the Authority of the Board of Directors


HELEN Y. DEE
Chairman of the Board


ROBERTO F. DE OCAMPO, OBE
Independent Director


FRANCISCO H. LICUANAN III
Independent Director


JOHN MARK S. FRONDOSO
Independent Director


MEDEL T. NERA
President & CEO


ERMILANDO D. NAPA
Independent Director

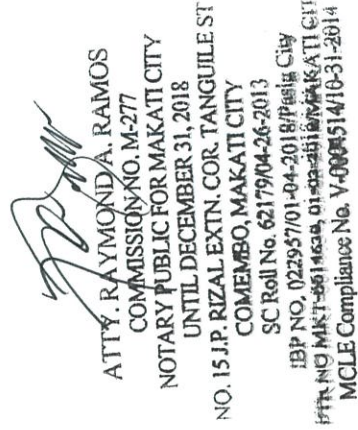

JUAMB. SANTOS
Independent Director


ATTY. LAINE P. MONSERATE
Compliance Officer


ATTY. SAMUEL V. TORRES
Corporate Secretary

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BOOK NO. 08
SERIES OF 7218

SUBSCRIBED AND SWORN TO BEFORE ME THIS DAY OF 29 May IN THE CITY OF MAKATI AFFIANT EXHIBIT 2018 THIS/HIS/HER COMMUNITY TAX CERT. NO. _____ ISSUED AT _____


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-277
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
NO. 15 J.P. RIZAL EXTN. COR. TANGUILE ST
COMEMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 022957/01-04-2018/Philippine City
PTR NO. MKT-56146226, 01-20-2018/Philippine City
MCLE Compliance No. Y-0000514/10-31-2014