

# COVER SHEET

1 5 3 9 3

S.E.C. Registration Number

**COMPANY NAME**

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 M A K A T I

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

ATTY. LALAIN P MONSERATE

Contact Person

815-96-36

Company Telephone Number

0 5 3 0

Month Day  
Quarter Ending

SEC FORM I-ACGR

FORM TYPE

1 2 1 9

Month Year  
Fiscal Year Ending

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles  
Number / Section

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, Isuzu Manila, Isuzu Commonwealth and Isuzu Greenhills.



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

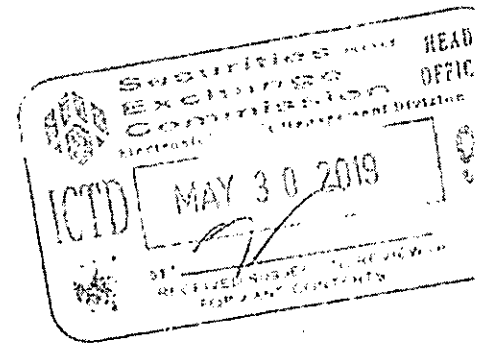
These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

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, 2018
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. 3<sup>rd</sup> 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		
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success 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.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Manual on Corporate Governance -- Qualification of Directors	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	Company Profile - Board of Directors	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Profile - Board of Directors	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Manual on Corporate Governance/ Training Process	
2. Company has an orientation program for first time directors.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Manual on Corporate Governance/ Training Process	
3. Company has relevant annual continuing training for all directors.	Compliant	2018 Annual Seminar conducted by SEC Emilio B. Aquino, Ms. Aiai Garcia of APAC Solution Lead, Phil's.	

	<p>ConsenSys AG and Atty. Eunice Zuleika N. Monsod – Head, Regulatory Affairs Division III – RCBC on October 27, 2018</p>		
<b>Recommendation 1.4</b>			
<p>1. Board has a policy on board diversity.</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Board Governance</p>	Compliant	
<b>Optional: Recommendation 1.4</b>			
<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>		
<b>Recommendation 1.5</b>			
<p>1. Board is assisted by a Corporate Secretary.</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/ Annual Report (SEC Form 17-A) Part III Control and Compensation</p>	Compliant	
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>		Compliant	
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>		Compliant	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>2018 Annual Seminar conducted by Atty. Emilio B. Aquino of SEC, Ms. Atai Garcia of APAC Solutions Lead, Philippines ConsenSys AG and Atty. Eunice Zuleika N. Monsod – Head Regulatory Affairs Division III – RCBC. October 27, 2018</p>	Compliant	
<b>Optional: Recommendation 1.5</b>			

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Provided proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting		
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a>	
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	2018 Annual Seminar conducted by Atty. Emilio B. Aquino of SEC, Ms. Alai Garcia of APAC Solutions Lead, Philippines ConsenSys AG and Atty. Eunice Zuleika N. Monsod – Head Regulatory Affairs Division III – RCBC. October 27, 2018	
<b>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.</b>			
<b>Recommendation 2.1</b>			
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 Jan. 5, Jan. 19, May 21, July 17, July 20, Sept. 13, Sept. 28, Dec 7, & Dec. 18, 2018	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Board Meetings Jan. 5, Jan. 19, May 21, July 17, July 20, Sept. 13, Sept. 28, Dec. 7, & Dec. 18, 2018	

2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	Board Meetings Jan. 5, Jan. 19, May 21, July 17, July 20, Sept. 13, Sept. 28, Dec. 7, & Dec. 18, 2018	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Strategy Setting and Planning.	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/ Annual Report (SEC Form 17-A) Part III Control and Compensation	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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. It is managed by RCBC Trust.	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings /Annual Report (SEC Form 17-A) Part	



2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	III Control and Compensation Information	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	There is a Remuneration Committee composed of two independent directors and one regular director.	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings /Annual Report (SEC Form 17-A) Part III Control and Compensation Information	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance– Manual on Corporate Governance – PART III –	

<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	Compliant	Implementing Guidelines Item D – Qualification of Directors,	
<b>Opfiond: Recommendation to 2.6</b>			
<p>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.</p>			
<b>Recommendation 2.7</b>			
<p>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.</p>	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/ Annual Report (SEC Form 17-A) – Consolidated Statements of Financial Position – Related Party Transactions;	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	Compliant	Manual on Corporate Governance – Internal Audit and Related Party Transactions Committee	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risks profile and complexity of operations.</p>	Compliant		
<b>Supplement to Recommendations 2.7</b>			
<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</p>	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Disclosure – SEC Filings/ Annual Report (SEC Form 17-A) – Consolidated Statements of Financial Position – Related Party Transactions	

<p>applying the thresholds for disclosure and approval.</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><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Disclosure – SEC Filings/ Annual Report (SEC Form 17-A) – Consolidated Statements of Financial Position – Related Party Transactions</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Part III - Implementing Guidelines - Board Governance</p> <p>The Management Team is composed of:</p> <ul style="list-style-type: none"> <li>a. Chairman of the Board</li> <li>b. President</li> <li>c. Chief Operating Officer</li> <li>d. Chief Audit Executive</li> <li>e. Treasurer</li> <li>f. Corporate Secretary</li> <li>g. Compliance Officer</li> <li>h. Chief Risk Officer</li> </ul> <p>and other company officers</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance - Part III – Implementing Guidelines Item A. Board Governance</p>	
<p><b>Recommendation 2.8</b></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>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><b>Recommendation 2.9</b></p>					
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with</p>	<p>Compliant</p>				<p><a href="https://hoi.com.ph">https://hoi.com.ph</a></p>

the standards set by the Board and Senior Management.		Corporate Governance – Manual on Corporate Governance- Part III – Implementing Guidelines Item A. Board Governance	
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		
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – PART III – Implementing Guidelines Item O – Accountability and Audit	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Regular meeting of the HI Board of directors – September 29, 2017	
<b>Recommendation 2.11</b>			
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Part III Implementing Guidelines Item K- Board Committees	
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Enterprise Risk Management Manual	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and	Compliant		

<p>accountabilities in carrying out its fiduciary role.</p>		<p>The Board Charter is embodied in the provisions of its Manual on Corporate Governance particularly found in Sections D to J.</p>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> 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>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics.</p>	
<p><b>Additional Recommendation to Principle 2</b></p>			
<p>1. Board has a clear insider trading policy.</p>	<p>Compliant</p>	<p>The Company do not allow/forbid granting loans to Directors.</p>	
<p><b>Optional: Principle 2</b></p>			
<p>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.</p>	<p>Compliant</p>	<p>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</p>	<p>These are disclosed to SEC and PSE.</p>
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>		

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting – HI Board Organizational Meeting – July 20, 2018	
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**Recommendation 3.2**

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting – HI Board Organizational Meeting – July 20, 2018	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting – HI Board Organizational Meeting – July 20, 2018	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting – HI Board Organizational Meeting – July 20, 2018	

**Supplement to Recommendation 3.2**

1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Audit Committee Charter Part D – Oversight on External Audit item 3	
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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.	
<b>Optional: Recommendation 3.2</b>			
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit Committee Charter D – Oversight on External Audit item 3 <a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Regular Board Mtg. July 20, 2018	
<b>Recommendation 3.3</b>			
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item k.2 – Corporate Governance and Nomination Committee	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting – HI Board Organizational Meeting – July 20, 2018	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting – HI Board Organizational Meeting – July 20, 2018	

<b>Optional: Recommendation 3.3.</b>		
1. Corporate Governance Committee meet at least twice during the year.	Compliant	Corporate Governance Committee Meetings - May 26 and July 20, 2018
<b>Recommendation 3.4</b>		
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Minutes of the Organizational Meeting of HI Board of Directors July 20, 2018
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance - Minutes of the Organizational Meeting of the Board - July 20, 2018
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance - Minutes of the Meeting - HI Board Organizational Meeting - July 20, 2018
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure-SEC Filings/ Annual Report (SEC Form 17-A) Part III Control and Compensation
<b>Recommendation 3.5</b>		
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 whom should be independent, including the Chairman.	Compliant	The Audit Committee is composed of three directors, two are independent directors. The Chairman is one of the independent directors.
<b>Recommendation 3.6</b>		



<p>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.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit, Board Risk Oversight, Corporate Governance and Nomination and Remuneration Committee Charters</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit Committee and Board Risk Oversight, Corporate Governance and Nomination Committee Charters – Duties and Responsibilities</p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit, Board Risk Oversight, Corporate Governance and Nomination and Remuneration Committee Charters</p>	
<p><b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>			
<p><b>Recommendation 4.1</b></p>			
<p>1. The Directors attend and actively participate in all meetings of the Board. Committeees and shareholders in person or through tele- /videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Disclosure – SEC Form 17-C, Directors Attendance</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	Compliant	<p>Materials are sent prior to Board and Committee meetings</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	Compliant	<p>HI Board of Directors meetings – Jan. 5, Jan. 19, Apr. 6, May 21, July 20, Sept. 13, Sept. 28, Dec. 7, Dec. 18, 2018 Board Risk Oversight Committee meetings - June 19, Aug. 14, 2018</p>	

			Audit Committee meetings – Mar. 14, Apr. 6, May 15, Aug. 13, Nov. 12, 2018; and Corporate Governance and Nomination Committee Meetings – May 26 & July 20, 2018	
<b>Recommendation 4.2</b>				
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.	Compliant	<a href="http://hoi.com.ph">http://hoi.com.ph</a> Corporate Governance- Manual on Corporate Governance  The Company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.		
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Directors inform the Board during BOD meetings in cases where they accept directorships in other companies for transparency.		
<b>Optional: Principle 4</b>				
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.				
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	Our Company- Amended By-Laws, Stockholders Meetings  <a href="https://hoi.com.ph">https://hoi.com.ph</a>		
3. Board of directors meet at least six times during the year.	Compliant	HOI Board Meetings - Jan 5, Jan 19, Apr. 6, May 21, July 20, Sep 13, Sep 28, Dec 7, and Dec. 18, 2018.		
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Our Company – Amended By-Laws – Section 4 – Quorum		
<b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</b>				
<b>Recommendation 5.1</b>				

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Minutes of the Meeting - July 20, 2018 Organizational Meeting of the Board of Directors of HI	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/ Annual Report (SEC Form 17-A) Part III Control and Compensation	
<b>Supplement to Recommendation 5.2</b>			
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.	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/SEC Form 17-A Part IV Corporate Governance	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/SEC Form 17-A Part III Control and Compensation	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance Part III Implementing Guidelines Item C.1 The Chairperson and the Chief Executive Officer</p>	
<p><b>Recommendation 5.5</b></p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Not Compliant</p>	<p>The Board has already designated a lead director effective 2019.</p>	
<p><b>Recommendation 5.6</b></p>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>There are no transactions that have material interest for anyone of the members of the Company's Board of Directors.</p>	
<p><b>Recommendation 5.7</b></p>			
<p>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.</p>	<p>Compliant</p>	<p>The Board Sub Committees are all non-executive directors and meet regularly with external auditors, etc., without any executive present.</p>	
<p>2. The meetings are chaired by the lead independent director.</p>	<p>Compliant</p>	<p>The lead independent director was appointed effective 2019.</p>	
<p><b>Optional: Principle 5</b></p>			
<p>1. None of the directors is a former CEO of the company in the past 2 years.</p>			
<p><b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p>			
<p><b>Recommendation 6.1</b></p>			
<p>1. Board conducts an annual self-assessment of its performance as a whole.</p>	<p>Compliant</p>		

2. The Chairman conducts a self-assessment of his performance.	Compliant	The directors have already accomplished a Self-Assessment Questionnaire	
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	To be Considered for 2021	Services of external facilitator will be availed after the three-year implementation period of the assessment process.	
<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	It is embedded in the Corporate Governance and Nomination Committee Charter.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Minutes of the Meeting Annual Stockholders Meeting	
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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 directors, 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics	
<b>Supplement to Recommendation 7.1</b>				
1.	Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics	
<b>Recommendation 7.2</b>				
1.	Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Annually, officers are required to sign their affirmation and promise to comply with the Code of Business Conduct and Ethics and internal policies. The signed documents are included in the 201 files of each employee.	
2.	Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	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.	
<b>Disclosure and Transparency</b>				
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.				
<b>Recommendation 8.1</b>				
1.	Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete	Compliant	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	

<p>picture of a company's financial condition, results and business operations.</p>		<p>subsequently uploaded in the company's website.</p> <p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures</p>	
<p><b>Supplement to Recommendations 8.1</b></p>			
<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-five (45) days from the end of the reporting period.</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.</p> <p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures</p>	
<p>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.</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings Annual Report (17-A)</p>	
<p><b>Supplement to Recommendation 8.2</b></p>			
<p>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.</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Conduct and Business Ethics</p>	
<p>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.</p>	<p>Compliant</p>	<p>Board of Directors and officers are required to inform the Compliance Officer of any such dealings for proper disclosure.</p>	
<p><b>Supplement to Recommendation 8.2</b></p>			

<p>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).</p>	Compliant	Board of Directors and officers are required to inform the Compliance Officer of any such dealings for proper disclosure.	
<b>Recommendation 8.3</b>			
<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>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation</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>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation and Security Ownership of Management</p>	
<b>Recommendation 8.4</b>			
<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>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> 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>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> 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>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings Annual Report (17-A) Part III Control and Compensation – Item 10 – Executive Compensation</p>	
<b>Recommendation 8.5</b>			



1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance Part III – Implementing Guidelines/Item 5 – Audit and Related Party Transactions Committee	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings – Consolidated Financial Statements – Item 22 Related Party Transactions	
<b>Supplement to Recommendation 8.5</b>			
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.	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Filings – Consolidated Financial Statements – Item 22 Related Party Transactions Code of Business Conduct and Ethics	
<b>Recommendation 8.6</b>			
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – Press release <a href="https://hoi.com.ph">https://hoi.com.ph</a> 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.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	There are no shareholder agreements, voting trust agreements and any other such agreements that may impact on the control, ownership, and strategic direction of the company.	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual of Corporate Governance	
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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		

<p>e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors</p>	Compliant		
<p>f. Attendance details of each director in all directors meetings held during the year</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures SEC Filing – Annual Report (SEC Form 17-A) Certificate of Attendance to Board Meetings issued by the Corporate Secretary are submitted to SEC.</p>	
<p>g. Total remuneration of each member of the board of directors</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures SEC Filing – Annual Report (SEC Form 17-A) Part III –Control and Compensation Item 10</p>	
<p>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.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures SEC Filing – Annual Report (SEC Form 17-A) Part IV Corporate Governance</p>	
<p>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.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures SEC Filing – Annual Report (SEC Form 17-A – Statement of Management Responsibility for consolidated financial statements</p>	
<p>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.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures SEC Filing – Annual Report (SEC Form 17-A – Statement of Management Responsibility for consolidated financial statements</p>	

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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures SEC Filing -- Annual Report (SEC Form 17-A -- Part I Business and General Information	
<b>Principle 9:</b> 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.			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Audit Committee Charter Item 3 -- Roles and Responsibilities.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Audit Committee Charter Item 3 -- Roles and Responsibilities.	
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	There is no event for the years the Company has been operating that an external auditor was removed.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Audit Committee Charter Item 3, Roles and Responsibilities	
<b>Recommendation 9.2</b>			
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		<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance -- Audit Committee Charter Item 3, Roles and Responsibilities	

<p>auditor's independence and objectivity, and exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p> <p>iii.</p>	Compliant	
<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><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>
<b>Supplement to Recommendations 9.2</b>		
<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><a href="https://hoi.com.ph">https://hoi.com.ph</a> 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><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>
<b>Recommendation 9.3</b>		
<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-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	Compliant	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Audit Committee Charter Item 3, Roles and Responsibilities</p>

<b>Supplement to Recommendation 9.3</b>			
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.	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<ul style="list-style-type: none"> <li>Wenda Lynn M. Loyala Engagement partner</li> <li>Accreditation number: 1540-A</li> <li>Date Accredited: January 10, 2019</li> <li>Expiry date of accreditation: January 9, 2022</li> <li>SGV &amp; Co, Ayala Avenue, Makati City</li> </ul>	
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.	
<b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>			
<b>Recommendation 10.1</b>			
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.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Disclosure – SEC Filings/ Annual Report (SEC Form 17-A)	Sustainability Report to be submitted next year.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Disclosure – SEC Filings/ Annual Report (SEC Form 17-A)	
<b>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.</b>			
<b>Recommendation 11.1</b>			

<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>	Compliant	<p><a href="https://hoj.com.ph">https://hoj.com.ph</a></p> <p>a. Analysts briefing b. Media briefings/press conferences, c. Quarterly reporting, Current reporting, etc.)</p> <p>Investor Relations Officer- Manual on Corporate Governance</p>	
<b>Supplemental to Principle 11</b>			
<p>1. Company has a website disclosing up-to-date information on the following:</p>	Compliant	<p><a href="https://hoj.com.ph">https://hoj.com.ph</a></p> <p>Corporate Disclosure – SEC Filings/ Annual Report (SEC Form 17-A)</p>	
<p>a. Financial statements/reports (latest quarterly)</p>	Compliant		
<p>b. Materials provided in briefings to analysts and media</p>	Compliant	Financial reports are distributed to attendees of briefings.	
<p>c. Downloadable annual report</p>	Compliant		
<p>d. Notice of ASM and/or SSM</p>	Compliant		
<p>e. Minutes of ASM and/or SSM</p>	Compliant		
<p>f. Company's Articles of Incorporation and By-Laws</p>	Compliant	<p><a href="https://hoj.com.ph">https://hoj.com.ph</a></p> <p>Our Company – Articles of Incorporation and By Laws</p>	
<b>Additional Recommendation to Principle 11</b>			
<p>1. Company complies with SEC-prescribed website template.</p>	Compliant	<p><a href="https://hoj.com.ph">https://hoj.com.ph</a></p>	
<b>Internal Control System and Risk Management Framework</b>			
<p><b>Principle 12:</b> 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.</p>			
<b>Recommendation 12.1</b>			
<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	Compliant	<p>Service programs ensure adequacy of internal control systems.</p> <p>1. Attendance of each director is monitored and reported.</p>	

		<p>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> <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><a href="https://hoj.com.ph">https://hoj.com.ph</a> Enterprise Risk Management framework</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>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	Compliant		
<b>Supplement to Recommendations 12.1</b>			
<p>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,</p>	Compliant	<p>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</p>	



acceptance and compliance with the said issuances.		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	
<b>Optional: Recommendation 12.1</b>			
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.	
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The Company has an internal audit department directly reporting to the Audit Committee.	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	SVP – ALEXANDER ANTHONY G. GALANG Chief Audit Executive (CAE). <a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Disclosure – Manual of Corporate Governance – Part III Implementing Guidelines-Item O Accountability and Audit No. 3 Chief Audit Executive	

<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>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> 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>	<p>Compliant</p>	<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>	
<p><b>Recommendation 12.4</b></p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Part III Implementing guidelines item K No. 4. Board Risk Oversight</p>	
<p><b>Supplement to Recommendation 12.4</b></p>			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>Compliant</p>	<p>The services of SGV were engaged during the implementation of Enterprise Wide Risk Management Program for the Mapua Group.</p>	
<p><b>Recommendation 12.5</b></p>			
<p>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).</p>	<p>Compliant</p>	<p>AVP JOSE A. TANJANGCO III – Chief Risk Officer (CRO)resigned Effective November 30, 2018 We are in the process of hiring his replacement.</p>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>Compliant</p>	<p>CRO has adequate authority emanating from the Board Risk Oversight Committee and the President.</p>	
<p><b>Additional Recommendation to Principle 12</b></p>			

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.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – CEO and CAE's attestation that a sound internal audit control and compliance system is in place	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
3. Board has an effective, secure, and efficient voting system.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q	
5. Board allows shareholders to call a special shareholders' meeting and submit a	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a>	

proposal for consideration or agenda item at the AGM or special meeting.		Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q <a href="https://hoi.com.ph">https://hoi.com.ph</a>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Corporate Governance – Manual on Corporate Governance – Implementing Guidelines Item Q <a href="https://hoi.com.ph">https://hoi.com.ph</a>	
7. Company has a transparent and specific dividend policy.	Compliant	Our Company – Amended By-Laws- Article 5 Dividends and Finance <a href="https://hoi.com.ph">https://hoi.com.ph</a> 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.	
<b>Optional: Recommendation 13.1</b>			
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.	
<b>Recommendation 13.2</b>			
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.	Compliant		The notice and agenda of stockholders' meeting or special stockholders' meeting are sent 15 days before the actual meeting, in compliance with Company's By-Laws.
<b>Supplemental to Recommendation 13.2</b>			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Complaint	<a href="https://hoi.com.ph">https://hoi.com.ph</a> <b>Corporate Governance- Articles of Incorporation and By Laws.</b> The Company conforms with what is stated in the By-Laws.	
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. <a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosure – SEC Filings/ Annual Report (SEC Form 17-A)-Part III Control and Compensation Information.	
b. Auditors seeking appointment/re-appointment	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Notice of Annual Stockholders Meeting	
c. Proxy documents	Complaint	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Notice of Annual Stockholders Meeting	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting		Provide link or reference to the rationale for the agenda items	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures - Minutes of the Meeting-Annual Stockholders Meeting	
<b>Supplement to Recommendation 13.3</b>			

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures - Minutes of the Meeting-Annual Stockholders Meeting	
<b>Recommendation 13.4</b>			
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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Grievance Procedures	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Grievance Procedures	
<b>Recommendation 13.5</b>			
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: rfoven@hoi.com.ph	IRO is present during the ASM.
2. IRO is present at every shareholder's meeting.	Compliant		
<b>Supplemental Recommendations to Principle 13</b>			
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, 2018 is 51.71%.	
<b>Optional Principle 13</b>			

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.			
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> 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.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Company Disclosures – SEC Form 17-11- List of Stockholders and Sec Form 17-12 – Top 100 Stockholders.	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Part III – Implementing Guidelines – Q- Stockholders Rights and Protection of Minority Stockholders Interest	
<b>Recommendation 14.3</b>			
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	Ma Esperanza F. Joven Vice President – Finance 3 <sup>rd</sup> floor, Grepalife Building 219 Sen. Gil Puyat Avenue, Makati Tel No. 815-96-36 Fax No. 816-11-27  <a href="https://hoi.com.ph">https://hoi.com.ph</a>	

		Corporate Governance – Whistle Blowing Policy.	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Manual on Corporate Governance – Part III - Implementing Guidelines – Q-Stockholders Rights and Protection of Minority Stockholders Interest – Item 2-Grievance Procedure	
<b>Additional Recommendations to Principle 14</b>			
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.	Compliant	The Company does not request exemption from complying with any government regulatory agencies.	
2. Company respects intellectual property rights.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics There were no instances that this provision was violated.	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics	





2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics	
<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	To encourage employees to actively participate in the realization of the company's goals and its governance, the Company uses the Merit based system to determine the annual salary increases of officers and employees of the company.	
<b>Supplement to Recommendation 15.1</b>			
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.	

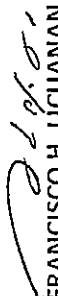
<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics - Fair Dealing, 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.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Code of Business Conduct and Ethics – Policy Violations Employees Manual	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> 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	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Whistle Blowing Policy Legal Officer handles the whistle blowing concerns/investigation	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Whistle Blowing Policy	

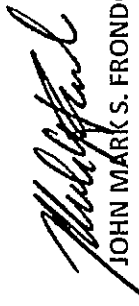
<p><b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p><b>Recommendation 16.1</b></p>			
<p>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.</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Corporate Social Responsibility Will submit Sustainability Report next year.</p>	
<p><b>Optional: Principle 16</b></p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p><a href="https://hoi.com.ph">https://hoi.com.ph</a> 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><a href="https://hoi.com.ph">https://hoi.com.ph</a> Corporate Governance – Corporate Social Responsibility</p>	

Signed this \_\_\_\_\_ day of \_\_\_\_\_ May 2019 with the Authority of the Board of Directors

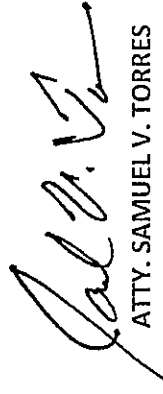
  
HELEN V. DEE  
Chairman of the Board

  
ROBERTO F. DE OCAMPO, OBE  
Independent Director


  
FRANCISCO H. LICUANAN III  
Independent Director

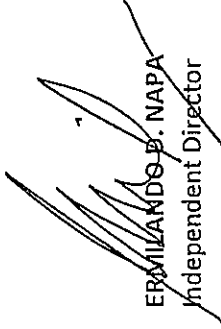
  
JOHN MARK S. FRONDOSO  
Independent Director

SUBSCRIBED AND SWORN TO BEFORE ME  
THIS ~~MAY 30~~ 2019 AT PASAY CITY


  
ATTY. SAMUEL V. TORRES  
Corporate Secretary


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BOOK NO. 1  
SERIES OF 1000

  
MEDEL T. NEKE  
President & CEO

  
ERMILANDO B. NAPA  
Independent Director

JUAN D. SANTOS  
Independent Director

  
ATTY. LAINE P. MONSERATE  
Compliance Officer

  
ATTY. JOVINO R. ANGEL  
NOTARY PUBLIC  
UNTIL DEC. 31, 2019  
PTR NO. 63978911-PASAY CITY  
IBP NO. 065411 PASAY CITY  
ISSUED ON 1/30/2019  
ROLL NO. 29761 PASAY CITY  
MCLE COMPLIANCE NO. V-0024151/10/25/201