

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>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.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	COMPLIANT	<p>As provided in the Amended By-Laws of CLIMBS, the Board of Directors must consist of 11 members, at least two (2) of whom must be independent directors. For the qualification of Regular (RD) and Independent Directors (ID), please refer to Governance Structure on pages 1-2 of the Corporate Governance Manual of CLIMBS (Annex R1.1-1A).</p> <p>For the profile of existing members of the Board of Directors, see list of BOD in Annex R1.1-1B or, go to www.climbs.coop/board-of-directors/</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	COMPLIANT	<p>The Company's Board has a diverse and balanced composition. CLIMBS as a secondary cooperative with members across the country has its unique and specific rules in the composition of BOD particularly in the apportionment of (9) Regular Directors. See pages 15-16, section 24 of CLIMBS Amended By-Laws (Annex R1.1-2).</p>	

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	There were no changes in the personal circumstances of each director that would otherwise disqualify them as Directors except for the late Mr. Edgardo G. Amoronio. His successor is yet to be elected in the General Assembly.	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	All BOD members of CLIMBS are non-executive directors, two of which are independent directors. http://www.climbs.coop/board-of-directors/ or <i>Annex R1.1-1B</i>	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	CLIMBS' Board Protocol was created way back 2012 and is still used until today. As included in the said reference, the BOD recognizes that insurance is an altogether different business from savings-and-credit operations and directorship skills-upgrading therefore becomes particularly important in building CLIMBS' future. It further summarized the type or suggested topics that are valuable to the Board and to the organization. See Skills Upgrading section of the Board Protocol. (<i>Annex R1.3-1A</i>)	

		<p>This policy (such as Directors' Orientation and Training) is yet to be incorporated to our Corporate Governance Manual and will be more elaborated including more specific policies. The Board in its Board Resolution No. 51, series of 2020, has appointed Education Committee with 5 members in their virtual BOD meeting dated June 16, 2020.</p> <p>(See Annex R1.3-1B)</p>	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	<p>Every newly-elected Director shall undergo an orientation program managed by the CEO and the HR Manager. See page 8 of CLIMBS' Board Protocol. See Skills Upgrading section of the Board Protocol. (Annex R1.3-1A)</p>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>Six (6) members of the BOD attended the seminars below in 2020:</p> <ol style="list-style-type: none"> 1. Fundamentals of Cooperatives 2. Governance and Management Cooperative 3. Financial Management 4. Risk Management 5. Credit Management <p>The BOD members mentioned are:</p> <ol style="list-style-type: none"> 1. Fr. Elmo Manching 2. Mgen. Gilbert S. Llanto, Ret 3. Marlene Sindayen 4. Atty. Daniel O. Evangelio, Jr. 5. Atty. Antonio Manuel Alcantara 6. Sarah T. Agner 	

Recommendation 1.4

1. Board has a policy on board diversity.	COMPLIANT	<p>Elected BOD or individuals nominated for the directorship position are duly authorized by his or her member Cooperatives. For more specific guidelines as to Board Composition, please refer to section 24 of the Amended By-Laws of CLIMBS. (Annex B – CLIMBS Amended ACBL)</p> <p>The Board has four (4) female and eight (7) male Directors.</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>The duly appointed Corporate Secretary is Atty. Isidro Lico.</p> <p>Atty. Lico served as Director of Mindanao Consolidated Cooperative Bank (formerly CCB) since 1986. He is also the Chairman of Gasaka Multi-Purpose Cooperative and the Representative of Ating Koop Partylist. http://website.climbs.coop/board-of-directors/</p> <p>Refer to page 5, Officers and Their Duties section of the Corporate Governance Manual of CLIMBS for his powers and duties. (Annex R1.5-1)</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	He is a separate individual	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	He is not a member of the Board	

4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>Atty Lico attended mandatory trainings in 2020 as follows:</p> <ol style="list-style-type: none"> 1. Fundamentals of Cooperatives 2. Governance and Management Cooperative 3. Financial Management 4. Risk Management 5. Credit Management <p><i>See Annex R1.5-4 for his certificates.</i></p>	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Cooperative has a dedicated independent VP for Legal and Compliance. He is Atty. Cyril Francis S. Casino. Below are the qualifications of a Compliance Officer who shall have a rank of at least a Vice President:</p> <ol style="list-style-type: none"> a. Bachelor's degree in Law; b. Licensed to practice Law from the Integrated Bar of the Philippines; c. A minimum of 3 years' experience as a corporate lawyer; d. Excellent communication skills both written and oral e. Knowledgeable of the basic law, policies related to Cooperatives and Insurance, labor relations and business management to include working with Government entities; 	

- f. Highly analytical with a strong attention to details;
- g. Outstanding managerial and negotiation skills;
- h. Has initiatives, strong motivation and positive work attitude;

For his duties and functions:

General Requirements/Functions

1. Ensures that the best legal action is taken for the company;
2. Provide legal support and represent the company in certain Civil litigation;
3. Undertake notary whenever required;

Administrative Duties

1. The legal counsel gives legal advice to the CEO and the Executive Management to ensure the best legal approach is taken for business ventures;
2. Advise them on matters of constitutional and national law. May have to handle conflicting legal matters that involve cooperative and insurance transactions of CLIMBS. In many cases, the legal counsel has to present information on a written or oral platform that all associates and fellow staff can understand;

3. Whatever legal advice the counsel offers must coincide with existing laws. As an administrator, must promote strong relationships with partners and clients of CLIMBS. This could mean acting as a liaison between partners and work groups;
4. Process all complaints received/served on CLIMBS and its various joint ventures and subsidiaries in coordination with concerned department for a thorough risk management;
5. Coordinate/conduct investigation of charges alleging discrimination, violations of office policies, rules, regulations and with existing law;
6. This counsel may also be called upon to establish legal assistance in branch office operations. Thus, traveling is also sometimes a requirement;
7. Coordinate with the Compliance and Audit Officer on all reports prepared for signatures of the President/CEO to determine accuracy, sufficiency and others before endorsing for the signature of the President/CEO;

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Compliance

8. Ensures all compliance requirements and reports are timely and properly complied and submitted to the government regulatory bodies;
9. Design, develop, implement, and evaluate the compliance program and monitor its implementation as directed by the Board of Directors;
10. Ensures that the company establishes and maintains an effective, best practices compliance and integrity program, to prevent and detect violations of law and other misconduct, and to promote ethical practices and a commitment to;

Data Privacy

11. Monitor the organization's compliance with the Data Privacy Act, issuance and guidelines by the National Privacy Commission;
12. Serve as the contact person of government entities and private individuals relating to all matters concerning data privacy and security issues or concerns;
13. Inform, advice and issue recommendations to the organization and its management relating to its data processing activities;

3. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	He is a Vice President.	
4. Compliance Officer is not a member of the board.	COMPLIANT	He is not a member of the Board	
5. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Atty. Cyril Francis S. Casino attended a Corporate Governance for Start - up seminar last May 4, 2020.	

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	<p>In discharging its fiduciary duty, the Board performs several functions identified but not limited to what are enumerated in the Page 3 of Corporate Governance Manual of CLIMBS, <u><i>Powers and Duties of the Board of Directors</i></u> section. (See Annex R2.1-1A)</p> <p>During the year 2020, the Board approved, reviewed, and oversaw CLIMBS budget, business targets and strategies, declaration and distribution of cash dividend and patronage refund, approval of 2019 Audited Financial Statements,</p>	
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		<p>approval of major acquisition of property and equipment including its disposal, investment activities and other relevant matters that need Board's approval. Its oversight functions include the review of operational and financial performance of top management and subsidiaries, and work of the various committees.</p> <p>All these acts were documented in the Minutes of BOD Meetings. (See Annexes R2.1-1B-K)</p>	
Recommendation 2.2			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>As defined in page 1, "Governance Structure" of CLIMBS Corporate Governance Manual, the primary responsibility of the Board of Directors is setting the strategic plan, direction and formulation of policy making activity. The Board also formulates the vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management performance.</p>	

		<p>During the year 2020, management updated the Board on the status of the strategic projects/programs such as the proposed 5-Year Strategic Plan, investment to CLIMBS E-Wallet - an innovative move, additional investments to CLIFSA (one of CLIMBS subsidiaries), investment to Multi Asset Fund Corporation, major property acquisition in Luzon, and management reports and updates</p> <p>All these were supported in the attached Minutes of BOD Meetings. <i>(See Annexes R2.1-1B-K)</i></p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long term viability and strength.</p>	<p>COMPLIANT</p>	<p>Please find below dates of the Cooperative's Regular Meetings in 2020 when business objectives and strategies were discussed:</p> <p><i>January 4, 2020</i> --- Approval of 5-Year Strategic Plan, Financial Updates as of December 31, 2019, Annual Budget for 2020, Additional Investment to CLIMBS Printing Press of 1M, Additional Common Share from CLIFSA, 25,200,837.90.</p> <p><i>May 6, 2020</i> --- Approval of the additional Common Share investment to CLIFSA, 24,799,162.10.</p>	

		<p><i>June 16, 2020</i> --- Approval management reports/updates as of May 2020 (Sales, Finance, Marketing, Operation and HRAD and CIM Updates)</p> <p><i>August 17, 2020</i> --- Approval management reports/updates as of July 31, 2020 (Sales, Finance, Marketing, Operation, HRAD and CIM Updates)</p> <p><i>November 11, 2020</i> --- Approval of Management Updates relative to Financial Statement/Condition as of October 31, 2020, Proposed Target for the year 2021, and Sales and Marketing.</p> <p><i>December 7, 2020 (Special BOD Meeting)</i> --- Approval for the finalization of the purchase of Land and Building from Enerland Development Corporation situated in Quezon City.</p>	
Recommendation 2.3			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>The Chairperson of CLIMBS Board of Directors is Fr. Elmo P. Manching. He is the Chairperson of Metro Ormoc Community Multi-Purpose Cooperative (OCCCI) of which he served as Director for seven (7) years. He is also a Director of the Society Action Commission Archdiocese of Palo and the Cooperative Bank of Cebu.</p>	
Recommendation 2.4			

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Board Protocols and for the Management, the Operational Manual. In its 5 year Strategic Plan. deepening of the bench was also emphasized and provided for in the "People Development "	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<i>(Reference to the strategic plan in website) https://climbs.coop/</i>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	CLIMBS adopts and maintains a policy of paying its officers employees fairly. It aims at giving the employee competitive compensation relative to other insurance cooperative within the archipelago. It has a firm commitment in recognizing each employee's contribution and to assist employees in professional development and in achieving organization goals through Performance Evaluation. For salary increases, following the rank and promotion system, salaries are properly graded to recognize performance and merit as well as qualifications and responsibilities. It provides a gradual progression for a minimum salary by means of regular increments.	

<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p>COMPLIANT</p>	<p>An increase in compensation is made within the salary range prescribed by the position and rank in accordance with the guidelines and the availability of funds. This has a long-term and compounding effect to the fixed pay, which serves as basis for their retirement benefit.</p> <p>On the other hand, as stated in the Amended Articles of Cooperation and By -Laws of CLIMBS, ,the members of the Board of Directors, Committees and officers shall receive such remuneration as may be approved by the general assembly each year. Directors Committees and officers attending any meeting of the Executive Committee shall also receive such remuneration, which shall also be approved by the General Assembly.</p> <p>The Cooperative remuneration policy is geared towards attracting, retaining and motivating employees and members of the Board.</p> <p>CLIMBS is keeping HRAD manual on salary increases and the Operational Manual on the Compensation Plan, which are duly approved by the Per Com and the BOD.</p>	
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3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	As stated Section 33 of the Amended By -Laws of CLIMBS, the members of the Board of Directors, Committees and officers shall receive such remuneration as may be approved by the general assembly each year. (See Annex 2.5-3)	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	As a secondary Cooperative with member cooperatives across the country, CLIMBS has set specific rules in the number of its BODs, its composition, apportionment and manner of election of Directors which are stated in Section 24 of the Amended By-Laws of CLIMBS (see Annex R2.6-1A) , while qualifications, manner, procedure, rules and regulations of voting and electing the Directors are stated in the CLIMBS Election Guidelines (see Annex R2.6-1B) .	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	NON-COMPLIANT		Every election in a general assembly, Election Guidelines are provided. We will incorporate this in our Corporate Governance Manual.

<p>3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.</p>	<p>COMPLIANT</p>	<p>Somehow there are no minority shareholders in CLIMBS cooperative.</p> <p>CLIMBS as an Insurance Cooperative, whose members are duly registered Cooperatives of the country has unique rules as to the member's qualification to vote and maximum number of votes compared to usual corporation.</p> <p>As stated in the Election Guidelines, any qualified cooperative-member that wishes to run for any vacant position of CLIMBS should issue its representative a BOD Resolution or Secretary's Certificate, appointing / designating him/her as voting delegate.</p>	
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<p>4. Board nomination and election policy includes how the board reviews nominated candidates.</p>	<p>COMPLIANT</p>	<p>In addition to the qualifications set out in the Corporate Governance Manual or Amended By-Laws for the qualifications of Directors, it is within the rights/privileges and authority of a qualified regular member-coop to have representative/candidates in the election.</p> <p>It is the Election Committees' role to manage and operate the election.</p> <p>During the election proper, a representative-candidate is given a maximum of two (2) minutes to articulate his/her thoughts on why he or she should be voted, and that candidates must sign an undertaking to assure his/her fitness to become an officer of CLIMBS.</p>	<p>We will re-assess/re-evaluate our existing policies and comply on this recommendation if necessary.</p>
<p>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.</p>	<p>COMPLIANT</p>	<p>In cases where there are complaints with regard to the conduct and result of the election, it should be filed with the Elecom in writing before the proclamation of the winning candidates. The Elecom should decide such complaint within two hours after the filing of the complaint.</p>	<p>We will re-assess/re-evaluate our existing policies and comply on this recommendation if necessary</p>

<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>	<p>The directors, elected by the collegial body in General Assembly, for as long as qualified to be elected in a position, are able to provide strategic direction aligned to company goals.</p> <p>This unique representation of the Board from the member-owners of CLIMBS allows them to understand the strategic direction of the company since they are "owners" of the Cooperative before even elected to directorship.</p>	
Recommendation 2.7			
<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>	<p>COMPLIANT</p>	<p>One of the general mission and responsibilities of the Board is to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among CLIMBS and its subsidiaries, joint ventures, associates, affiliates, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board. Refer to Page 4 of Corporate Governance Manual of CLIMBS, "Highlights of Mission and General Responsibility of the Board" section.</p> <p><i>(See Annex R2.7-1)</i></p>	

2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Refer to Annex R2.7-2A-B (For the policy)	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Refer to Annex R2.7-3 . (For the List) Refer to Annex R2.7-2A-B (For the policy)	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	As provided in page 3, Powers and Duties of the Board of Directors section in the Corporate Governance Manual of CLIMBS, the Board is responsible in creating such committee in the Board as it may deem necessary and appoint a president, actuary, general secretary, treasurer, medical director, consultants, operation manager, department manager, attorneys-in-fact and such other officers of CLIMBS and fix their duties, powers, compensation and other terms and conditions of the service of employment. (See Annex 2.8-1) The appointed Officers (as mentioned in the recommendation are: CEO : <i>Mr. Noel D. Raboy, MBA</i> Chief Compliance Officer: <i>Atty. Cyril Francis S. Casino</i> Internal Auditor : <i>Ms. Ielyn Asay</i> Chief Risk Officer: <i>Ms. Donna Marie Michelle Dizon</i>	

<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>It is in the Board Protocol that the Board shall evaluate the Chief Executive Officer yearly. Nobody else can. The criteria for evaluation are: (a) accomplishment of 5-year strategic plan, annual operating budget, and management programs; (b) effective implementation of Board policies; (c) working relationships between Board and Management; (d) personal attributes (e.g., character, integrity, disposition, judgment calls.) See Board Protocol, 'Evaluation' section. (Annex R2.8-2)</p> <p>For the other officers who are directly reporting to the Committees of the Board (such as Audit Committee), they are also evaluated by the Board/Committees.</p>	
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Recommendation 2.9

<p>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.</p>	<p>COMPLIANT</p>	<p>HRAD manual / Employee Handbook and Operational manual outline the performance evaluations matrices and other concerns.</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>Please see attached sample performance evaluation form.</p> <p>(Annex R2.9-1)</p>	

Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	It is one of the highlighted functions of the Board to ensure the adequacy and effectiveness of CLIMBS internal control and management information systems. See page 4 of CLIMBS Corporate Governance Manual. (Annex R2.10-1A)	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	To prevent or manage business risk, and/or potential conflict or to ensure the sustainability of the Company, CLIMBS has internal controls in place and these are documented in policies. To monitor, define or manage conflict of interest, <i>Conflict of Interest Standards</i> is included in the Corporate Governance Manual (See Annex 2.10-2A) and further elaborated in a separate Conflict of Interest Policy (See Annex 2.10-2B-C)	
3. Board approves the Internal Audit Charter.	COMPLIANT	See Internal Audit Policy, Annex 2.10-3 .	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	The Business Continuity Plan is being updated regularly, and presented to the BOD for approval. The Company also submits its regular reporting the DOLE for compliance measures.	

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	<p>These are outlined in the BCP. (See Annex 2.11)</p> <p>BCP workshops and drills are being conducted. DOLE accepted reports especially on health and safety are available.</p>	
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Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	COMPLIANT	See Annex R2.12	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	NON-COMPLIANT		We will comply on this matter.

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

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>Committees are extensions of the Board. They are intended to assist the Board in strategic decisions and policy-making. See Pages 6-9 of Corporate Governance Manual of CLIMBS about the Committees, its composition, powers and duties. (Annex R3.1-1A)</p> <p>For the composition of created committees, see attached list of Current BOD under each committee for 2020 (Annex R3.1-1B)</p> <p>See secretary cert attached for the appointment of education committee in 2020. (Annex R3.1-1C)</p>	
Recommendation 3.2			
<p>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.</p>	<p>COMPLIANT</p>	<p>See pages 7-9 of the Corporate Governance Manual of CLIMBS about Audit Committee, its composition, roles, power and duties including its responsibility to recommend the appointment and removal of the company's external auditor. (Annex R3.2-1)</p> <p>Again, for the composition of created committees, see attached list of Current BOD under each committee for 2020 (Annex R3.1-1B)</p>	

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLAINT	Members of the Audit Committee: Chairman: Maria Dee B. Belagan Members: Juanito Rossini Eduard C. Amoguis Independent Director: Reynaldo Vergara	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	As indicated in Corporate of Governance Manual, the Audit Committee shall be composed of three (3) members preferably with Accounting and finance experience, to be elected at large by all the voting delegates during the Annual General Assembly and shall hold office for a term of two (2) years or until their successors shall have been elected and qualified. Page, 7 of CGM. (Annex C)	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of Audit Committee is Ms. Marie Dee B. Belagan.	
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	The Remuneration committee has just been established and in the process defining other peculiar roles for the Corporate Governance. Conduct of strategic planning is a clear example of good governance.	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	NON-COMPLAINT		We will appoint Committee members of the remuneration committee for implementation and approval of the Board of Directors.

3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		Head/Chairman: Daven Gamolo Member: Jose Eduard Mandapat
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	Since the Enterprise Risk Management has been lodged as an important concern in the Education - educating managers and members, also acts as the BROC.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	Board resolution on its appointment with the inclusion of 1 Independent Director.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	The independent director, Ms. Lillian Silubrico does not hold any chairmanship in other committees.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	All members underwent the BCP and ERM training programs through the CLIMBS Institute of Management.	
Recommendation 3.5			

<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Related Party Transactions Committee is created to assist the Board in assessing material agreements of any kind with a related party in determining whether to approve, ratify, disapprove or reject a Related Party Transaction.</p> <p>This function in the Board is designated to the existing remuneration committee.</p> <p>Remuneration/RPT Committee: Head/Chairman: Daven Gamolo Member: Jose Eduard Mandapat</p>	
<p>2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p>	<p>Non-Compliant</p>		<p>There's only two existing members of Remuneration/RPT Committee.</p> <p>CLIMBS will re-assess the need and the composition of the committee per recommendation by the Board of Directors.</p>
<p>Recommendation 3.6</p>			
<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>	<p>COMPLIANT</p>	<p>All established committees had their own manual or charter as their guide in performing their functions.</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>COMPLIANT</p>		
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>NON-COMPLIANT</p>		<p>CLIMBS will evaluate compliance on this recommendation.</p>

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

Recommendation 4.1

1. The Directors 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	Climbs provide notice of meeting to all Board and Committees with all the information needed as well as the Zoom Meeting ID and password. (Refer to Annex 4.1)	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Minutes of previous meetings shall be sent through email at least 1 week before Board meeting.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The directors are always encouraged to seek clarifications and explanations during the Board and Committee meetings.	

Recommendation 4.2

1. Non-executive directors concurrently serve in a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	NON-COMPLIANT		This is not practice by the Cooperative. The criteria or qualification of Directors are set out in the Manual of Corporate Governance and Amended By-Laws duly approved by the Cooperative Development Authority. Any qualified cooperative-member that wishes to run for any vacant position of CLIMBS should issue its representative a BOD Resolution or Secretary's Certificate, appointing / designating him/her as voting delegate.
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Recommendation 4.3

<p>1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>This is not practice by the Cooperative. The criteria or qualification of Directors are set out in the Manual of Corporate Governance and Amended By-Laws duly approved by the Cooperative Development Authority. Any qualified cooperative-member that wishes to run for any vacant position of CLIMBS should issue its representative a BOD Resolution or Secretary's Certificate, appointing / designating him/her as voting delegate.</p>	
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

<p>1. The Board is at least twenty percent (20%) independent directors.</p>	<p>COMPLIANT</p>	<p>As stated in the Amended By-Laws of Climbs approved by the CDA, the Board of Directors shall be composed of eleven members consisting of two (2) Independent Directors (ID) and nine (9) Regular Directors (RD).</p> <p>The nine regular directors shall consist of members-cooperatives which shall be represented by their voting delegates and they shall be elected either by secret ballot or by automation by the voting delegates during the Annual General Assembly election and the two Independent Directors (ID), who are natural persons, shall likewise be elected at large by all the entire voting delegates by secret ballot. See Article IV, Section 24 of Amended By-Laws of CLIMBS (Annex R5.1-1)</p>	
<p>Recommendation 5.2</p>			
<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>COMPLIANT</p>	<p>As stated in our answer in recommendation 1.1, #3, there have been no changes in the personal circumstances of each director that would otherwise disqualify them to remain as Directors, and this includes the Independent Directors. For the qualification and disqualification of Independent Directors or of all the directors, refer to pages 1-3 of CGM of CLIMBS. (Annex R5.2-1)</p>	
<p>Recommendation 5.3</p>			

<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Commission are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this term.</p>	COMPLIANT	<p>These are not practiced by the Cooperative.</p> <p>The Independent Directors shall hold office for a term of two (2) years or until their successors shall have been duly elected and qualified. See Article IV, Section 24 of Amended By-Laws of CLIMBS. (Annex 5.3-1)</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	COMPLIANT		
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>	COMPLIANT		
Recommendation 5.4			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	COMPLIANT	<p>The Chairperson of the Board is Fr. Elmo P. Manching while the President & CEO is Mr. Noel D. Raboy.</p>	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Their roles are separate and distinct from each other to achieve a balance of authority, clear accountability, and better capacity for independent decision making. See pages 5 and 6 of the Corporate Governance Manual of CLIMBS for their distinct power and duties. (Annex R5.4-2)</p> <p>The Chairman and CEO have no family relationship.</p>	
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>The Chairman and other regular directors are only authorized representative of their respective Cooperatives which are members of CLIMBS. The Board appoints a CEO who is a separate person from BOD member as it is one of its responsibilities.</p> <p>Chairman is not an independent director.</p>	
<p>Recommendation 5.6</p>			

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	Considering the fact that Regular Directors are representative of a member-coop of CLIMBS, thus, in cases where issues and concerns directly involving the cooperative of any member of the Board, a special meeting is called with him/her not present or abstaining from joining the special meeting. See attendance in the Minutes of the Special Board Meeting dated February 24, 2020 (Annex 5.6-1A) and June 16, 2020 (Annex 5.6-1B) in which concerns affecting ACDI, the cooperative represented by Vice Chairperson, MGen Gilbert S. Llanto were discussed, the Vice Chairman is not present.	
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 to ensure that proper checks and balances are in place within the corporation.	COMPLIANT	The different committees conduct meetings separately. Example: Audit committee that regularly conducts checks and reports to the Board. The Independent Director leads the committee.	
2. The meetings are chaired by the lead independent director.	COMPLIANT	Board and Management structure found in website. Http://website.climbs.coop/	
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 assessment of its performance as a whole.	COMPLIANT	Strategic planning period and annual meeting in December.	

2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT		
3. The performance of the individual members of the Board is assessed annually by the Board.	COMPLIANT		
4. The performance of each committee is assessed annually by the Board.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	The assessment of the board is done every two year through Annual General Assembly.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	As stated in Board Protocol, Evaluation Page, Board performance should be evaluated yearly. Each Director shall evaluate the Board as a Board; a Director shall not evaluate another Director. At the very least, the evaluation should cover: (a) whether the Board's strategic decisions and policy-making contributed to CLIMBS' growth during the year; (b) whether the Board adhered to the Board Protocol in force. (Annex 6.2-1)	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The systems helps the shareholders to voice out there positive feedback.	
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	Refer to Annex R7.1-1 .	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	This Code of Conduct and Ethics Standards is created for all Officers, Employees and Members of CLIMBS. It is the responsibility of the Office of the Human Resource and Administration to oversee the implementation or compliance of this Code. A copy of this Code is included in the Employees Handbook which is duly received and acknowledge by all employee.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Refer to http://website.climbs.coop	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Climbs monitors and implements the Code of Business Conduct and Ethics through giving each employee Climbs Employees Manual for. (Refer to Annex 7.2)	

<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>COMPLIANT</p>	<p>understand manual given to all employees of Climbs. Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>All Officers (including the Board), Employees and Members of the CLIMBS are required to observe the policy.</p>	
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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>See page 15 of CLIMBS' Corporate Governance Manual, Reports and Disclosures. Annex B (CLIMBS Amended ACBL)</p>	
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Recommendation 8.3

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>This is provided for in the election by-laws. Annex B (CLIMBS Amended ACBL)</p>	
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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.	NON-COMPLIANT		CLIMBS do not practice the disclosure of all relevant and material information on key executives. Climbs will re-assess and evaluate the recommendation regarding on this.
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (AGCS) and the Revised Corporation Code.	COMPLIANT	See Section 33, page 19 of the Amended By-Laws of CLIMBS, 'Directors, Committees and Officers Remuneration'. Annex R8.4-1	
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (AGCS) and the Revised Corporation Code.	COMPLIANT	Annex R8.4-1	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	Operational Manual including the CERP	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Refer to Annex R8.5-1A-B . Yes, director with conflict of interest abstained from the board discussion on that particular transaction.	

2. Company discloses material on significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	Refer to the list in Annex R8.5-2 .	
Recommendation 8.6			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Refer to Annex C .	
2. Company's MCG is posted on its company website.	COMPLIANT	Refer to http://website.climbs.coop	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	See page 8 of the Corporate Governance Manual of CLIMBS for the responsibilities of Audit Committee with regards to External Audit.	
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	Majority approval. See sample GA Resolution in the very lasts General Assembly in 2019. (Annex R9.1-2)	

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	No such removal or change has happened to date	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	NON-COMPLIANT		<p>These specific responsibilities of Audit Committee are only discussed in CLIMBS CGM.</p> <p>We will re-assess and review our Audit Policy and integrate the necessary recommendations.</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.	NON-COMPLIANT		<p>It is the responsibility of the committee to review and monitor the external auditor's suitability and effectiveness. These are done regularly at least annually.</p> <p>We will re-assess and review our Audit Policy and specifically integrate the necessary recommendations such as to the frequency of the review.</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>	<p>COMPLIANT</p>	<p>Audit Committee approves all audit and non-audit services, including its fees, to be provided by the external auditor to CLIMBS and its subsidiaries. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to its independence.</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>	<p>COMPLIANT</p>	<p>The non-audit work, if allowed, shall be disclosed in CLIMBS annual report and/or in the Annual Corporate Governance Report. See page 8 of the Corporate Governance Manual of CLIMBS for the responsibilities of Audit Committee with regards to External Audit. (Annex R9.3-2)</p> <p>CLIMBS does not engage our external auditors for any non-audit services in 2020.</p>	

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

Recommendation 10.1

<p>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.</p>	<p>COMPLIANT</p>	<p>This is shown in the Vision, Mission statement and core values CLIMBS.</p> <p>Displayed in conspicuous places and in the company's website.</p> <p>http://website.climbs.coop/</p>	
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2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	CLIMBS adhere to internationally accepted standards on social audit reporting such as the International Cooperative Alliance.	
<p>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.</p>			
<p>Recommendation 11.1</p>			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT	<p>Website: http://website.climbs.coop/</p> <p>Social Media Acct: FB Page: CLIMBS Life and General Insurance Cooperative</p>	
<p align="center">Internal Control System and Risk Management Framework</p>			
<p>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.</p>			
<p>Recommendation 12.1</p>			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>Periodic internal audits are being done with Audit Operations Management reports being submitted to Board and Management for information and subsequent action.</p> <p>Copies of AOM s are for internal use only.</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 internationally -approved frameworks are being conducted in partnership with the CLIMBS Institute of Management , the Insurance Institute of Asia and the Pacific and the Center for Humanitarian Leadership Institute (CHLI).</p> <p>http://websiite.climbs.coop/</p> <p>Business Continuity Plans are in place, with regular assessments.</p>	
<p>Recommendation 12.2</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Internal Audit is an integral part of CLIMBS internal control system which assists the Audit Committee in the discharge of its oversight responsibilities by providing an independent reasonable assurance that CLIMBS system of risk management, internal controls, and corporate governance processes are adequate and effective, as well as ensuring that operating and business units adhere to internal processes and procedures and to regulatory and legal requirements.</p> <p>CLIMBS has in-house internal auditors.</p>	
<p>Recommendation 12.3</p>			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>COMPLIANT</p>	<p>CLIMBS Internal Auditor is Ms. Ielyn Asay. Refer to pages 7-8 of the</p>	

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	Corporate Governance Manual of CLIMBS for the duties of Internal Auditor. (Annex R12.3-1)	
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.	NON-COMPLIANT		This is not applicable since CLIMBS Internal Audit is in house
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Risk management function is part of the Audit Committee's scope, however, Management through the OSH Committee, as mandated by the DOLE, checks, and reviews and also recommends actions for implementations.	
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	The Concurrent Chief Risk Officer is Ms. Donna Marie Michelle Dizon.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	The ERM is part of the annual budget lodged in trainings, and staff welfare.	
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			

<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>NON-COMPLIANT</p>		<p>Rights and Privileges of the all member in accordance with the kind of membership all laid down in CLIMBS Amended Cooperation and By-Laws.</p> <p>We will re-evaluate our existing Corporate Governance Manual for enhancement /updates.</p> <p><i>ANNEX D (CLIMBS AMENDED ACBL as of 05152018)</i></p>
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>By-laws and the adherence to the internationally - accepted Cooperative Values and Principles.</p> <p><i>http://website.climbs.coop/</i></p>	

Recommendation 13.2

<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.</p>	<p>COMPLIANT</p>	<p>As stated in Section 20, Notice of Meeting in CLIMBS' Amended By-Laws, "Notice of the regular assembly meeting shall be served by the Secretary or his duly authorized representative by email or facsimile (fax) upon each member entitled to vote at its last known email address or fax number at least fifteen (15) days before the said meeting. For Special General Assembly Meeting, notice shall be served by the Secretary personally or his duly authorized representative by email or facsimile upon each member at its last known email address or fax number at least seven (7) days before the said meeting. It shall state the purpose and, except for related issues, no other business shall be considered during the meeting.</p> <p>Due to COVID-19 restrictions, Annual General Assembly for the year 2020 was cancelled. A notice of Cancellation was sent to members. Furthermore, relative to changes in remuneration, it is the General Assembly who will approved the matter. See page 19, section 33 of the Amended By-Laws of CLIMBS. (Annex R13.2-1)</p>	
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Recommendation 13.3

<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p><i>Climbs minutes of the Annual General Assembly is not available as of this year because the event was cancelled due to the on-going COVID 19 pandemic.</i></p>
<p>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.</p>	<p>NON-COMPLIANT</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	<p><i>Climbs minutes of the Annual General Assembly is not available as of this year because the event was cancelled due to the on-going COVID 19 pandemic</i></p>

Recommendation 13.4

<p>1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>COMPLIANT</p>	<p>Refer to Article IX of the Code of Conduct and Ethical Standards of CLIMBS.</p> <p><i>Annex F (CODE OF CONDUCT AND ETHICAL STANDARDS)</i></p> <p>The ethics and mediation committee resolves the matters, if they arise</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Refer to Page 17-18 of CGM.</p> <p><i>(Annex R13.4-1)</i></p>	

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	These are guided by the by-laws and the Cooperative Code Or see Annex D (CLIMBS AMENDED ACBL as of 05152018) in the attached report.	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	These are guided by the By-laws and the Cooperative Code Or see Annex D (CLIMBS AMENDED ACBL as of 05152018) in the attached report. Whistleblowing policy found in code of ethics.	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.		Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders	
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Climbs in coordination with our HRAD Department organizes every Friday activity re: Friday talks featuring Presidents Talks and sometimes Staff Assembly via zoom meeting which encourages every employees to speak and actively participates in the realization of the company's goals.	
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	www.climbs.coop/CLIMBS_Anti_Bribery_and_Corruption_Policy/	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	The Board disseminates the policy and program through CLIMBS Pres/CEO. The Pres/CEO then instructs the Compliance Officer for the implementation of the said policy and programs in coordination with HRAD department.	
Recommendation 15.3			

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>COMPLIANT</p>	<p>www.climbs.coop/CLIMBS Whistleblowing Policy/</p> <p>YES, CLIMBS whistleblowing policy exemplifies CLIMBS commitment by providing a mechanism that will enable any concerned individual to report and provide information, anonymously and even testify on matters involving the actions or omissions of the directors, officers, and employees of CLIMBS that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices and are grossly disadvantageous to CLIMBS. Provide contact details to report any illegal or unethical behavior.</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>COMPLIANT</p>	<p>The following shall be responsible for receiving whistleblowing reports:</p> <ol style="list-style-type: none"> 1. President 2. Chairman of the Audit Committee 3. Climbs Evaluation Team composed of: (Compliance Officer, Internal Audit, Human Resources and Legal Officer). 	

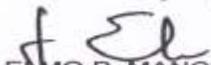
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The Board disseminates the policy and program through CLIMBS Pres. /CEO. The Pres. /CEO then instructs the Compliance Officer for the implementation of the said policy and programs in coordination with HRAD department.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	<p>The company also utilizes its Cooperative Education and Training Fund and the Community Development Fund in a manner that promotes cooperativism, education and helps build resilient and sustainable communities. Such has been highlighted in the pandemic where over P12M was utilized. (report of the CLIMBS Internal task force)</p> <p>The CDA Social Audit also checks the proper use of the CETF and CDF according to the Memo Circulars. Activities and reports found in the Annual report</p>	

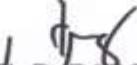


CERTIFICATION

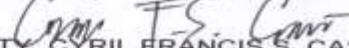
The undersigned certify that the responses and explanations set forth in CLIMB's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

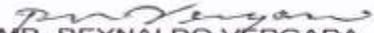
Signed in the City of Cagayan de Oro on the 30th of July 2021.


FR. ELMO P. MANCHING
CHAIRMAN OF THE BOARD
Signature over printed name


MR. NOEL D. RABOY, MBA, Ex
PRESIDENT/CEO
Signature over printed name


ATTY. ISIDRO LICO
CORPORATE SECRETARY
Signature over printed name


ATTY. CYRIL FRANCIS S. CASINO
COMPLIANCE OFFICER
Signature over printed name


MR. REYNALDO VERGARA
INDEPENDENT DIRECTOR
Signature over printed name


MS. LILIAN SILUBRICO
INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBE AND SWORN to before me this 30th day of July, 2021, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification documents as follows:

NAME	ID NO.	DATE/PLACE ISSUED
1. Fr. Elmo Manching	944-863-152	
2. Mr. Noel D. Raboy	923-928-180	Cagayan de Oro City
3. Atty. Isidro Lico	152-419-415	
4. Atty. Cyril Francis S. Casino	160-477-003	Cagayan de Oro City
5. Mr. Reynaldo Vergarda	120-885-737	
6. Ms. Lilian Silubrico	117-892-320	



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Series of 2021.


MIGUEL M. SABACAJAN
Notary Public
Valid until December 31, 2022
Roll of Attorney's No. 29862 NC, 2021-49
PTR No. 4825715-11218/200(2021);
IBP No. 131936 11/08/20 (2021);
MCLE Compliance No. VII-0000857
TIN No. 114-748-124
Cagayan de Oro City