



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.



ANNUAL CORPORATE GOVERNANCE REPORT OF

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

1. For the fiscal year ended: **DECEMBER 31, 2024**
2. Certificate Authority Number: **2025/20-R**
3. Province, Country, or other jurisdiction of incorporation or organization: **MISAMIS ORIENTAL**
4. Address of principal office: **CLIMBS BLDG., ZONE-5 NATIONAL HIGHWAY, BULUA, CAGAYAN DE ORO CITY**. Postal Code: **9000**
5. Company's telephone number, including area code: **(088) 881-0275 or (+63)917 701 0662**
6. Company's official website: **<https://www.climbs.coop/>**
7. Former name, former address, and former fiscal year, if changed since last report: **NOT APPLICABLE**

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>Link to CLIMBS's AMENDED ARTICLES OF COOPERATION & BY-LAWS</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	COMPLIANT	<p>Link to CLIMBS's current Board of Directors and Officers</p>	
<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.</p>	COMPLIANT	<p>1. CDA Memorandum Circular No. 2011-14 (Standard Training Curricula for Cooperative Officers) 2. Amended Articles of Cooperation & By-Laws, Article IV, BOARD OF DIRECTORS (Page 17); Section 27. Qualifications of a Regular Director (RD) and an Independent Director (ID).</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	COMPLIANT	<p>Amended Articles of Cooperation & By-Laws, Article IV, BOARD OF DIRECTORS (Page 15); Section 24. COMPOSITION OF THE BOARD OF DIRECTORS. "a) The Board of Directors shall be composed of thirteen (13) members consisting of two (2) Independent Directors (ID) and eleven (11) Regular Directors (RD)."</p>	

Recommendation 1.3

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>1. In CLIMBS's Cooperative Governance Manual under 'Specific Duties and Responsibilities of a Director' it states: "A Director of the Company shall observe the following norms of conduct; ... 5. To have working knowledge of the statutory and regulatory requirements affecting CLIMBS, including the contents of its Articles of Incorporation and By-Laws, the requirements of IC and other regulatory agencies", hence CLIMBS's BOD adheres to Cooperative Development Authority (CDA) Memorandum Circular No. 2015-09, 'Revised Guidelines Implementing the New Training Requirements of Cooperative Officers' and Insurance Commission (IC) Circular Letter No. 12-2004, 'Course on Corporate Governance'.</p>	
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<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>2. CLIMBS provides an orientation for first-time directors through the introduction of CLIMBS's Employee Handbook. It covers the cooperative's mission and values, organizational structure, regulatory requirements under the Cooperative Code and Insurance Commission guidelines, governance policies, strategic plan, and risk management framework. The orientation ensures that new directors are equipped to perform their duties effectively in accordance with cooperative and regulatory standards.</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>	<p>3. CLIMBS, through the Co-operative College of the Philippines, ensures there are relevant annual continuing training for all directors, supplementing those mandated by the CDA, e.g. June 5, 2024 - Board and Management Program: "Working Together Cooperatively" facilitated by Revv Consultancy Corporation.</p>	

Recommendation 1.4

<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • CDA Memorandum Circular No. 2013-22 [Guidelines on Mainstreaming Gender and Development (GAD) in Cooperatives] • CDA Memorandum Circular No. 2017-04 (Tool for Assessing Progress of Gender Equality in Primary Cooperatives as Supplemental to Memorandum Circular 2013-22) <p>CLIMBS's Board of Directors is composed of eight (8) males and five (5) females.</p>	
<p>Optional: Recommendation 1.4</p>			
<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>	

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT		
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	<p>1. CLIMBS's duly appointed Corporate Secretary is Atty. Isidro Q. Lico of Oro Savings & Sharing MPC. The qualifications, duties, and functions of CLIMBS's Corporate Secretary are mentioned in the Cooperative Governance Manual (Page 7) and the Amended Articles of Cooperation & By-Laws (Page 21).</p> <p>2. CLIMBS's Corporate Secretary and Compliance Officer are two separate individuals.</p> <p>3. CLIMBS's Corporate Secretary is not a member of its Board of Directors.</p>	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>To help board directors and key officers of public and publicly listed firms align themselves with global standards on effective governance and to comply with the Securities and Exchange Commission (SEC) mandated requirement to attend a corporate governance program to be eligible for election or re-election in the board or assume key positions in management, the Center for Global Best Practices (CGBP) hosted a training titled, "Corporate Governance Board Effectiveness Best Practices" on Nov. 8, 2019 at the Marriott Hotel, Pasay City.</p>	
Optional: Recommendation 1.5			

<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>	<p>COMPLIANT</p>	<p>The Amended Articles of Cooperative & By-Laws discusses this in ARTICLE IV - BOARD OF DIRECTORS, Section 29. MEETING OF THE DIRECTORS.</p>	
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Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>1. In accordance with CLIMBS Executive Order No. 2023-1003: STAFF REALIGNMENT, as of October 3, 2023, Ms. Bernadeth N. Bernadas has been appointed as OIC, Vice President for Finance & Compliance. The Cooperative Governance Manual (Page 17) mentions the qualifications, duties, and functions of the Compliance Office.</p> <p>2. CLIMBS's Compliance Officer has a rank of Vice President.</p> <p>3. CLIMBS's Compliance Officer is a member of the Senior Management Team and not a member of the BOD.</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT		<p>The Institute of Corporate Directors (ICD) in collaboration with Philippine Insurers and Reinsurers Association, Inc. (PIRA, Inc.) held a round-table discussion with the member-companies, titled: "Corporate Governance Roundtable Discussions for Insurance Companies" on October 23, 2024 via Zoom.</p> <p>Number of hours & topics covered: ICD-PIRA Roundtable Discussion on Corporate Governance for Insurance Companies.</p>

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

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>• Cooperative Governance Manual, Highlights of Mission and General Responsibility of the Board (Page 5); "... 8. Review and report to the member cooperatives its own effectiveness in fulfilling its responsibilities; 9. Ensure CLIMBS faithful compliance with all applicable laws, regulations and best business practices; ... 16. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations;"</p> <p>• Amended Articles of Cooperation & By-laws, ARTICLE IV, BOARD OF DIRECTORS, Section 32. POWERS AND DUTIES OF THE BOARD (Page 18); "... m) Make rules and regulations for the internal affairs and transactions of its business including the safe custody and proper maintenance of its assets, funds, and properties;"</p>	
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Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Cooperative Governance Manual, GOVERNANCE STRUCTURE, Highlights of Mission and General Responsibility of the Board (Page 5). CLIMBS's review of its business objectives and strategy is its annual Strategic Planning session(s). MEMO 2024-070: STRATEGIC PLANNING 2024 - scheduled on October 24-25, 2024 at Apple Tree Resort & Hotel, Cagayan de Oro.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	CLIMBS's vision, mission and core values are found on its website. The review of the vision, mission and core values is implied during CLIMBS's Annual General Assembly , as per the Amended Articles of Cooperation & By-Laws, ARTICLE III, GOVERNMENT, Section 16. POWERS OF THE GENERAL ASSEMBLY (Page 13).	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	Amended Articles of Cooperation & By-Laws, ARTICLE VI, AUDIT, INQUIRY AND MEMBER'S RIGHT TO EXAMINE (Page 20), Section 44. ANNUAL AUDIT and Section 45. AUDIT REPORT . CDA Memorandum Circular No. 2021-04 [PERFORMANCE AUDIT REPORT (PAR) FOR COOPERATIVES].	
Recommendation 2.3			

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p><u>REV. FR. ELMO P. MANCHING</u> <u>CLIMBS</u> - BOD, Chairperson <u>OCCCI</u> - BOD, Chairperson <u>Co-op College PH</u> - BOT, Chairperson <u>NaFeCOOP</u> - BOD, Vice Chairperson <u>CCLPI</u> - BOD, Member <u>Co-op Chamber PH</u> - BOT, Member <u>Immaculate Conception Parish, Ipil,</u> <u>Ormoc City</u> - Parish Priest <u>Our Lady of Guadalupe, Tacloban</u> <u>City</u> - Parish Priest</p>	
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Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<p>1. Cooperative Governance Manual, Highlights of Mission and General Responsibility of the Board (Page 5); "4. Adopt a succession plan, including the compensation, appointment and training of senior officers..."</p>	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<p>2. Cooperative Governance Manual, Governance Structure, Powers and Duties of the Board of Directors (Page 4); "12. Determine the manner and conditions under which employees shall be granted pensions, retirement gratuity or life insurance protection and other employment benefits..."</p> <p>CDA Memorandum Circular No. 2020-30 (GOODWILL PROGRAM FOR COOPERATIVE OFFICERS)</p> <p>CLIMBS's Employee Handbook, Cooperative Employees Retirement Plan (CERP), Page 18.</p>	

Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>1. <u>Republic Act No. 9520: "PHILIPPINE COOPERATIVE CODE OF 2008"</u>, ART. 46. Compensation. "(1)...the directors shall not receive any compensation except for reasonable per diems: Provided however, That the directors and officers shall not be entitled to any per diem when, in the preceding calendar year, the cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year..."</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	<p>2. CDA Memorandum Circular No. 2013-17 (<u>CLARIFICATORY GUIDELINES IN THE IMPLEMENTATION OF ARTICLE 46 OF REPUBLIC ACT NO. 9520</u>).</p>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	<p>3. CLIMBS's Cooperative Governance Manual, REMUNERATIONS (Page 8) and Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 33. DIRECTORS, COMMITTEES, & OFFICERS REMUNERATIONS., both state: "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>	

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	
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.		Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	

Recommendation 2.6

<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>COMPLIANT</p>	<p>The Election Committee of CLIMBS annually promulgates the Election Guidelines & Vacancies - CLIMBS Election of Officers as the document containing information on CLIMBS's nomination and election policy and process and its implementation, including the criteria used in selecting new directors. Often in cooperatives, candidates are not nominated, instead they run for any vacant position by filing a certificate of candidacy and will be voted upon during the General Assembly.</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>NON-COMPLIANT</p>	<p>CLIMBS's election policy is not specifically provided in the Cooperative Governance Manual other than: GOVERNANCE STRUCTURE, Board of Directors (Pages 1 to 4) and Officers and Their Duties (Pages 8 & 9).</p>	<p>The inclusion of CLIMBS's Election Policy/Code in its Cooperative Governance Manual will be proposed in the next Board & Management Meeting.</p>
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>COMPLIANT</p>	<p>Minority Shareholders are called "Associate Members". Unless granted by the General Assembly, they cannot nominate candidates to the board. Amended Articles of Cooperation & By-Laws, ARTICLE II, MEMBERSHIP, Section 10. RIGHTS OF AN ASSOCIATE MEMBER.</p>	

<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>	<p>CLIMBS Election Guidelines & Vacancies - CLIMBS Election of Officers states this under the following sections: Vacant Positions, Election Timetable, and Filing of Certificate of Candidacy.</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>CLIMBS Election Guidelines & Vacancies - CLIMBS Election of Officers, Election Proper, "All complaints with regard to the conduct and result of the election should be filed with the ELECOM in writing before the proclamation of the winning candidates. The ELECOM shall decide of such complaint within two hours after the filing of the complaint, but before the proclamation of winning candidates."</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>Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 27. Qualifications of a Regular Director (RD) and an Independent Director (ID) (Page 15).</p>	

Optional: Recommendation to 2.6

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
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Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	<p>1. Cooperative Governance Manual, GOVERNANCE STRUCTURE, Highlights of Mission and General Responsibility of the Board (Page 5); “12. 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.”</p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	<p>2. Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS, Related Policies, Related Party Transactions Policy (Page 14); “Basis for evaluation of a Related Party Transaction:...”</p> <p>3. CDA Memorandum Circular No. 2022-25 (AMENDED PHILIPPINE FINANCIAL REPORTING FRAMEWORK FOR COOPERATIVES).</p> <p>Transactions that have been categorized as Related Party Transactions (RPTs), which were approved by CLIMBS's BOD pursuant to the policy are in the Annual Report.</p>	

Supplement to Recommendations 2.7

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p style="text-align: center; color: red;">NON-COMPLIANT</p>	<p>The Cooperative Governance Manual doesn't explicitly define a single, numerical threshold for Related Party Transactions (RPTs) within the cooperative. Instead, it emphasizes materiality and relies on external auditors to determine materiality thresholds based on CLIMBS's specific circumstances. These thresholds are often set at 5-10% of statutory net income and 1-3% of statutory net worth, but this is not definite. Refer to Amended Articles of Cooperation & By-Laws: ARTICLE VI, AUDIT, INQUIRY, AND MEMBERS' RIGHT TO EXAMINE, and ARTICLE X, ALLOCATIONS AND DISTRIBUTION OF NET SURPLUS</p>	<p>A clear-cut threshold for disclosure and approval of RPTs and its categories will be proposed in the next Board & Management Meeting.</p>
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<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>	<ul style="list-style-type: none"> • R. A. No. 9520 (PHILIPPINE COOPERATIVE CODE OF 2008), CHAPTER IV - ADMINISTRATION, ART. 33. Powers of the General Assembly and ART. 36. Voting System. • Amended Articles of Cooperation & By-Laws, ARTICLE III, GOVERNMENT, Section 16. POWERS OF THE GENERAL ASSEMBLY (Page 13). • Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS, Related Policies, Related Party Transactions Policy (Page 14) and STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS, Shareholders' Rights, 1. Voting Rights (Page 21). <p>CLIMBS's voting system is expanded on: Election Guidelines & Vacancies - CLIMBS Election of Officers, Election Proper.</p>	
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Recommendation 2.8

<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>1. Cooperative Governance Manual, GOVERNANCE STRUCTURE, Board of Directors (Page 1); "...It is also responsible in appointing the President and CEO, confirming organization structure, overseeing all major risk taking activities, monitoring the financial results, measuring and rewarding the performance of management."</p> <p>Other members of the management staff may be proposed and/or appointed by the President & CEO and subject to the review & approval of the Board of Directors; refer to: Amended Articles of Cooperation & By-Laws, ARTICLE VII, OFFICERS OF CLIMBS, Section 51. PRESIDENT OF CLIMBS (Page 22); "...(b) Supervise the direction and conduct of the personnel of CLIMBS in the performance of [their] duties; ...(e) Authenticated by his signature all administrative acts and obligations and documents issued by CLIMBS; ..."</p> <p>President & CEO: <u>MR. NOEL D. RABOY</u> Chief Compliance Officer: <u>MS. BERNADETH N. BERNADAS</u> Chief Audit Executive (referred to as Chief Internal Auditor): <u>MICHELLE MAE B. UNABIA</u> Chief Risk Officer (referred to as Vice President for Operations): <u>MS. BLESILDA L. CUMBA</u></p>	
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<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>	<ul style="list-style-type: none"> • Cooperative Governance Manual, GOVERNANCE STRUCTURE, Board of Directors (Page 1). • Revised Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008, RULE 7 - FUNCTIONS, RESPONSIBILITIES, AND TRAINING REQUIREMENTS OF DIRECTORS, OFFICERS, AND COMMITTEE MEMBERS, Section 4. Functions and Responsibilities of the Officers of the Cooperative. 4.1. Board of Directors (Page 28). <p>The assessment process is guided by CDA Memorandum Circular No. 2021-04 [Performance Audit Report (PAR) for Cooperatives]. CLIMBS assesses the performance of its Management team bi-annually, in alignment with the Strategic Development Plan and annual business objectives.</p>	
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Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	CLIMBS adopts a structured Performance Management Framework aligned with CDA Memorandum Circular No. 2013-15 (Performance Report Standards for Cooperatives) and CDA Memorandum Circular No. 2021-04 (Performance Audit Report (PAR) for Cooperatives). These circulars provide standards for annual performance reporting and institutionalize the Performance Audit Report (PAR), ensuring that the performance of the Board, Management, and Committees is regularly monitored and evaluated in accordance with the cooperative's strategic objectives.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		

Recommendation 2.10

<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>1. The Board oversees that an appropriate internal control system is in place through the Audit Committee; Cooperative Governance Manual, COMMITTEES, Audit Committee (Page 9). What is included in the internal control system is mentioned in the Cooperative Governance Manual, COMMITTEES, Internal Controls (Page 11).</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>2. Cooperative Governance Manual, COMMITTEES, Internal Controls (Page 11); "i. ...framework for fraud prevention and detection including whistle-blower policy/program by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action."</p>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, Highlights of Mission and General Responsibility of the Board (Page 5). CLIMBS's Internal Audit Charter may be found in: Cooperative Governance Manual, COMMITTEES, Audit Committee, Internal Audit (Page 10), and COMPLIANCE SYSTEM AND INTERNAL CONTROL, Internal Audit (Page 18)</p>	

Recommendation 2.11

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>COMPLIANT</p>	<p>1. CLIMBS Cooperative Governance Manual, Highlights of Mission and General Responsibility of the Board (Page 5). CLIMBS uses the Integrated Risk Management Solutions as its ERM framework, guided by the principles of the International Labour Solutions (ILO) and aligned with Insurance Commission (IC) guidelines, enables the Board and Management to identify, assess, and respond to key business risks across strategic, operational, financial, and compliance areas. How the BOD was guided by the framework is detailed in CLIMBS's Annual Report 2024.</p>	
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>COMPLIANT</p>	<p>2. A Risk Management Framework is crucial for CLIMBS, to assist its BOD in identifying enterprise-level risk exposures and develop effective risk management strategies. The Co-op College PH, CLIMBS's sole training provider, provides the following sessions annually: Economic Forum, and Corporate Governance & Enterprise Risk Management (ERM).</p>	

Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	CLIMBS has a Board Protocol which was created in 2012 and it is still being used as a Board Charter up to this day. CLIMBS's Board Protocol is in need of an update which is why substitute documents are referred to for the BOD's roles, responsibilities, and accountabilities in carrying out its fiduciary role, which are: <ul style="list-style-type: none"> • Cooperative Governance Manual - GOVERNANCE STRUCTURE, Board of Directors, Powers and Duties of the Board of Directors (Page 4); Highlights of Mission and General Responsibility of the Board (Page 5); Specific Duties and Responsibilities of a Director (Page 6); A Director of the Company shall observe the following norms of conduct (Page 6); Officers and Their Duties (Page 6). • Amended Articles of Cooperation & By-Laws - ARTICLE III, POWERS AND CAPACITIES, (Page 2); ARTICLE IV, BOARD OF DIRECTORS, Section 32. POWERS AND DUTIES OF THE BOARD., (Page 18); Section 49. LIABILITIES OF DIRECTORS, OFFICERS AND COMMITTEE MEMBERS., (Page 22) 	An updated version of CLIMBS's Board Protocol is still in the early stages of review and approval.
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		
Additional Recommendation to Principle 2			

1. Board has a clear insider trading policy.	COMPLIANT	CLIMBS does not issue publicly traded shares, so insider trading in the stock market sense does not apply. However, conflict of interest, confidentiality breaches, and self-dealing risks still exist, so instead of an insider trading policy, CLIMBS has adopted a Code of Business Conduct and Ethics found in CLIMBS's Cooperative Governance Manual .	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
<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.</p>			
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	Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES (Page 19). Cooperative Governance Manual, COMMITTEES (Page 8).	
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>Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES, Section 37. THE AUDIT COMMITTEE (Page 20). Cooperative Governance Manual, COMMITTEES, Audit Committee (Page 9).</p> <p>CLIMBS's Audit Committee has the responsibility to recommend the appointment and removal of the coop's external auditor as per the abovementioned references. Also in Cooperative Governance Manual, External Audit (Page 18).</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>CLIMBS's Audit Committee "is 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", as per Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES, Section 37. THE AUDIT COMMITTEE (Page 20). The Audit Committee members as well as the Chairperson are qualified non-executive directors and are independent. Herewith is a link for CLIMBS's members list of its Audit Committee.</p>	

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Joselito O. Santillan - Sta. Ana Multi-Purpose Cooperative, a financial partner and life development driver. • Dr. Edward L. Banawa - MSU IIT National Multi-Purpose Cooperative, offers products and services such as: credit lines, savings accounts, loans for various purposes, and other financial tools. • Brian P. Yap - Cebu People's Multi-Purpose Cooperative, offers products and services such as: savings and credit, general merchandise, housing, agricultural projects, remittance services, and more. 	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Audit Committee is Mr. Joselito O. Santillan of Sta. Ana Multipurpose Cooperative (SAMULCO). He is not the Chairman of the Board or of any other committee.</p>	
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE VI - AUDIT, INQUIRY, AND MEMBERS' RIGHT TO EXAMINE (Page 20). Revised IRR, Section 4. Functions and Responsibilities of the Officers of the Cooperative, 4.3. Committees of the Cooperative, 4.3.2. The Audit Committee (Page 31).</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE VI - AUDIT, INQUIRY, AND MEMBERS' RIGHT TO EXAMINE, Section 44. ANNUAL AUDIT (Page 21).</p>	

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES, Section 37. THE AUDIT COMMITTEE (AC)., POWERS AND DUTIES OF AUDIT COMMITTEE: "...b) It shall be responsible for the setting-up of internal audit department, and the appointment of the internal auditors as well as of external auditors..." (Page 20).	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	NON-COMPLIANT	CLIMBS's Remuneration and Personnel Committee is still tasked to assist the BOD in the performance of its corporate governance responsibilities. A Corporate Governance Committee is yet to be established. CLIMBS's Remuneration and Personnel Committee helps identify the quality of directors aligned with the cooperative's strategic direction.	Creating a Corporate Governance Committee will be proposed in the next Board & Management Meeting.

<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p style="text-align: center;">NON-COMPLIANT</p>	<p>CLIMBS is yet to create a Corporate Governance Committee, the tasks & responsibilities of such a committee is still with the Remuneration and Personnel Committee. Their type of directorship and qualifications are listed under CLIMBS's Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES, Section 39. REMUNERATION AND PERSONNEL COMMITTEE (Page 20).</p>	<p>Creating a Corporate Governance Committee will be proposed in the next Board & Management Meeting.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p style="text-align: center;">NON-COMPLIANT</p>	<p>CLIMBS is yet to create a Corporate Governance Committee, the directors of such a committee is still with the Remuneration and Personnel Committee. The Chairperson may be an Independent Director as mentioned under CLIMBS's Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES, Section 39. REMUNERATION AND PERSONNEL COMMITTEE (Page 20).</p>	<p>Creating a Corporate Governance Committee will be proposed in the next Board & Management Meeting.</p>
<p>Optional: Recommendation 3.3.</p>			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>		<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>	
<p>Recommendation 3.4</p>			

<p>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.</p>	<p>COMPLIANT</p>	<p>The Insurance Commission (IC) states in Circular Letter 2020-71 (Revised Code of Corporate Governance for Insurance Commission Regulated Companies), Principle 3. Establishing Board Committees, Recommendation 3.2; <i>"The Audit Committee has the following duties and responsibilities, among others:...</i> <i>k. In case the company does not have a Board Risk Oversight Committee and/or Related Party Transactions Committee, performs the functions of said committees as provided under Recommendations 3.4 and 3.5."</i></p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>The members of CLIMBS's Audit Committee is mentioned in this I-ACGR; Principle 3, Recommendation 3.2, No. 3.</p>	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Audit Committee is Mr. Joselito O. Santillan of Sta. Ana Multipurpose Cooperative (SAMULCO). He is not the Chairman of the Board or of any other committee.</p>	

<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>CDA Memorandum Circular No. 2015-09 (Revised Guidelines Implementing the New Training Requirements of Cooperative Officers); “Section 2. Scope. This Memorandum Circular shall apply to the officers of the cooperative regardless of type and size, such as: ... 5. Audit Committee;...”</p> <p>“Section 3. Required Trainings for cooperative officers... Risk Management.”</p> <p>Background, skills, and/or experience of the members of CLIMBS's Audit Committee:</p> <ul style="list-style-type: none"> • Mr. Joselito O. Santillan (Sta. Ana Multi-Purpose Cooperative) - Chairperson • Dr. Edward L. Banawa (MSU IIT National Multi-Purpose Cooperative) - Committee Member • Mr. Brian P. Yap (Cebu People's Multi-Purpose Cooperative) - Committee Member. 	
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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>The Insurance Commission (IC) states in Circular Letter 2020-71 (Revised Code of Corporate Governance for Insurance Commission Regulated Companies), Principle 3. Establishing Board Committees, Recommendation 3.2; <i>"The Audit Committee has the following duties and responsibilities, among others:...</i> <i>k. In case the company does not have a Board Risk Oversight Committee and/or Related Party Transactions Committee, performs the functions of said committees as provided under Recommendations 3.4 and 3.5."</i></p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>The members of CLIMBS's Audit Committee is mentioned in this I-ACGR; Principle 3, Recommendation 3.2, No. 3. The qualifications for the Audit Committee are mentioned in CLIMBS's Amended Articles of Cooperation & By-Laws, ARTICLE V, COMMITTEES, Section 37. THE AUDIT COMMITTEE (Page 20).</p>	

Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	NON-COMPLIANT	While the various committees of CLIMBS's Board (e.g., Gender & Development Committee, Ethics Committee, Mediation Committee, Remuneration Committee, Education Committee) currently operate based on CLIMBS's Amended Articles of Cooperation & By-Laws, the 7 Cooperative Principles, and prevailing Cooperative Values , as espoused by the International Co-operative Alliance (ICA) , they do not yet have individually documented charters.	CLIMBS recognizes the importance of having formal Committee Charters as part of sound cooperative governance. CLIMBS commits to developing formal Committee Charters in the upcoming Board and Management Meeting and is targeted for adoption by the next Annual General Assembly.
2. Committee Charters provide standards for evaluating the performance of the Committees.	NON-COMPLIANT	Specific Committee Charters are not disclosed on the company's website, but each committee's respective purposes, memberships, structures, and qualifications are briefly discussed in CLIMBS's Amended Articles of Cooperation & By-Laws .	
3. Committee Charters were fully disclosed on the company's website.	NON-COMPLIANT		Fully disclosing the Committee Charters on CLIMBS's website will be proposed in the next Board & Management Meeting.

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

<p>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.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 29. MEETING OF THE DIRECTORS (Page 17). Cooperative Governance Manual, Officers and Their Duties, MEETING OF DIRECTORS (Page 8).</p> <p>Cooperative Development Authority (CDA) - Memorandum Circular No. 2020-13 (Guidelines on the conduct of meetings of the Board of Directors, members of Committees, and management staff of cooperatives through videoconferencing or physical attendance). Insurance Commission (IC) - Circular Letter 2020-71 (Revised Code of Corporate Governance for Insurance Commission Regulated Companies), Principle 4. Fostering Commitment, Recommendation 4.1.</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>IC Circular Letter 2020-71; Principle 4. Fostering Commitment, Recommendation 4.1, "...In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations."</p>	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>CLIMBS Board of Directors and its Committees ensure robust discussion and critical oversight during meetings. Directors are encouraged to raise clarifying questions and seek additional explanations on proposals, reports, and matters requiring board action.</p> <p>While formal board meeting minutes are confidential, director participation is recorded and monitored through the Recording Secretary and the Corporate Secretary. The Board Chairperson and Committee Chairs likewise facilitate active participation by ensuring agenda items are discussed thoroughly.</p> <p>Additionally, during the 52nd CLIMBS Annual General Assembly held on April 26, 2024, directors and executive officers responded to several queries raised by member-cooperative representatives, demonstrating transparency and accountability to the membership. These include:</p> <ul style="list-style-type: none"> • Clarifications on CLIMBS' corporate investments and ownership; • Follow-up on the implementation of regional offices; • Computation of patronage refunds and other cooperative returns. 	
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Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>NON-COMPLIANT</p>	<p>CLIMBS does not currently impose a fixed limit on the number of board seats its non-executive directors may hold concurrently in other organizations. However, in line with cooperative governance best practices, CLIMBS requires directors to disclose their existing directorships in both listed and non-listed companies, to ensure transparency and to assess their ability to devote sufficient time and attention to CLIMBS's affairs.</p>	<p>Reconciling of cooperative practices and Insurance Commission (IC) Circular Letter No. 2020-71 (Revised Code of Corporate Governance for Insurance Commission Regulated Companies), Principle 4. Fostering Commitment, Recommendation 4.2, as well as framing of a "Declaration of Outside Directorships" policy will be proposed in the next Board & Management Meeting.</p>
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>Directors are not required to notify the CLIMBS's board before accepting a directorship in another cooperative. CLIMBS as a secondary cooperative is not in a position to disallow its directors to accept a directorship in another cooperative unless they are violating R.A. 9520 (PHILIPPINE COOPERATIVE CODE OF 2008), CHAPTER III - MEMBERSHIP, ART. 39. Directors.</p>	
Optional: Principle 4			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>			
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>			
<p>3.</p>			

4. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
5. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	<ul style="list-style-type: none"> • R.A. 9520 (PHILIPPINE COOPERATIVE CODE OF 2008), CHAPTER IV - ADMINISTRATION, ART. 40. Meeting of the Board and Quorum Requirement. • Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 29. MEETING OF THE DIRECTORS (page 17). • Cooperative Governance Manual, Officers and Their Duties, MEETING OF DIRECTORS (page 8). 	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	<p>CLIMBS has two (2) Independent Directors in accordance with its Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 24. COMPOSITION OF THE BOARD OF DIRECTORS (Page 15): "a) The Board of Directors shall be composed of <u>thirteen (13)</u> members consisting of <u>two (2) Independent Directors (ID)</u> and <u>eleven (11) Regular Directors (RD)</u>..."</p> <p>Also, the number of independent directors is aligned with CLIMBS's size, complexity, and risk profile.</p>	<p>While current cooperative regulations do not mandate a minimum of three independent directors, CLIMBS ensures that its Independent Directors actively participate in oversight functions and maintain independence in thought and action, as required under applicable Insurance Commission guidelines and cooperative governance principles. The Board may review this composition in the future as part of its commitment to continually strengthen its governance framework.</p>
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>COMPLIANT</p>	<p>CLIMBS's Independent Directors:</p> <ul style="list-style-type: none"> • (Ret.) Judge Antonio Manuel A. Alcantara • Congressman Rico B. Geron <p>Both possess all the qualifications and none of the disqualifications to hold the positions.</p> <p>The qualifications of CLIMBS's independent directors are mentioned in the Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 27. Qualifications of a Regular Director (RD) and an Independent Director (ID) (Page 17).</p>	
<p>Supplement to Recommendation 5.2</p>			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • RA No. 9520 (PHILIPPINE COOPERATIVE CODE OF 2008); "ART. 4. Cooperative Principles..., (3) Member Economic Participation – Members contribute equitably to, and democratically control, the capital of their cooperatives..." • Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 28. ELECTION OF OFFICERS (Page 17). 	
<p>Recommendation 5.3</p>			

<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>The CDA or RA No. 9520 (Philippine Cooperative Code of 2008) does not specifically define the term of an Independent Director. As for CLIMBS's Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 24. COMPOSITION OF THE BOARD OF DIRECTORS (Page 15); "a.3.) <i>The Independent Directors shall hold office for a term of two (2) years but not more than five (5) years.</i>"</p>	<p>CLIMBS complies with the principle of term limitation for Independent Directors through its By-Laws, which provide that Independent Directors may serve for a maximum cumulative term of five (5) years.</p>
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>NON-COMPLIANT</p>	<p>CLIMBS limits the term of Independent Directors to a maximum of five (5) years, as provided in its By-Laws. While there is currently no provision explicitly barring reappointment beyond this term, the cooperative adheres to the principle of independence by ensuring limited terms and encouraging the rotation of directors. CLIMBS recognizes the value of further enhancing this provision and may consider.</p>	<p>Adopting a formal post-term bar to reinforce board independence and objectivity will be proposed in the next Board & Management Meeting.</p>

<p>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.</p>	<p>NON-COMPLIANT</p>	<p>CLIMBS limits the tenure of Independent Directors to a maximum of five (5) years, consistent with its Amended By-Laws. While there is currently no formal policy requiring General Assembly approval for reappointment of Independent Directors beyond their term, the Board ensures that all appointments undergo screening and deliberation by the Election Committee and the Board, with due regard to independence, qualifications, and cooperative governance principles.</p>	<p>In the next Board & Management Meeting, it will be proposed to develop a formal policy on reappointment with justification and member approval in line with best practices.</p>
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Chairman of the Board: Rev. Fr. Elmo P. Manching of Metro Ormoc Community Multi-Purpose Cooperative (OCCC) • President and Chief Executive Officer: Mr. Noel D. Raboy 	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Responsibilities of the Chairman of the Board: Amended Article of Cooperation & By-Laws, ARTICLE VII, OFFICERS OF CLIMBS, Section 48. OFFICERS AND THEIR DUTIES (Page 21). • Responsibilities of the Chief Executive Officer: Amended Article of Cooperation & By-Laws, ARTICLE VII, OFFICERS OF CLIMBS, Section 51. PRESIDENT OF CLIMBS (Page 22). <p>The Chairperson typically leads the Board of Directors, focusing on strategic direction and policy, while the CEO manages the day-to-day operations and implements the board's decisions. (Cooperative Governance Manual; Officers and Their Duties; Page 6)</p>	
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Recommendation 5.5

<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 style="text-align: center; color: red;">NON-COMPLIANT</p>	<p>At present, CLIMBS has not formally designated a Lead Independent Director, and this role is not explicitly provided for in its By-Laws. However, the Independent Directors fulfill their responsibilities as required under the Insurance Commission's corporate governance guidelines, particularly Circular Letter No. 2020-71.</p> <p>CLIMBS's Chairperson, as required by its Amended By-Laws, must be elected from among the Regular Directors, and is therefore not an independent director. While the CDA emphasizes the autonomy and independence of cooperatives, the Chairperson is typically elected from within the cooperative's Board of Directors, which itself is composed of elected members.</p>	<p>Reconciling cooperative practices and IC regulation, as well as formally recognizing a Lead Independent Director role in the future to further strengthen independent oversight within the Board, will be proposed in the next Board & Management Meeting.</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.</p>	<p style="text-align: center;">COMPLIANT</p>	<ul style="list-style-type: none"> • Republic Act No. 9520 (Philippine Cooperative Code of 2008), ART. 39. Directors. • Cooperative Governance Manual, Conflict of Interest Standards (Page 13). • Annual Report 2024, House Rules (Page 14). 	
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.	NON-COMPLIANT	Unless provided in the By-Laws, the CDA and cooperative practices do not explicitly mandate separate meetings between non-executive directors and audit functions without executives present.	The need for non-executive directors to have direct and unfiltered communication with audit and risk functions to ensure effective oversight will be brought up in the next Board & Management Meeting.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT	Amended Articles of Cooperation & By-Laws; ARTICLE VI; AUDIT, INQUIRY, AND MEMBERS' RIGHT TO EXAMINE; Section 44. ANNUAL AUDIT (Page 20).	Said meetings to be chaired by the lead independent director will be proposed in the next Board & Management Meeting.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	CLIMBS's President & CEO since 2018 is Mr. Noel D. Raboy .	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	NON-COMPLIANT	At present, CLIMBS does not conduct formal self-assessments for the Board of Directors, individual directors, the Chairperson, or Board Committees. However, CLIMBS holds an annual Strategic Planning Session , facilitated by an external professional, which includes discussions on organizational performance and future strategy. While members of the Board are invited, attendance is not mandatory, and no formal governance assessments are included.	CLIMBS acknowledges the value of board-level evaluations and is exploring the possibility of adopting a structured self-assessment process to support continuous improvement and align with governance best practices.
2. The Chairman conducts a self-assessment of his performance.	NON-COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	NON-COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	NON-COMPLIANT		

<p>5. Every three years, the assessments are supported by an external facilitator.</p>	<p style="text-align: center;">NON-COMPLIANT</p>	<p>Memo No. 2024-070: STRATEGIC PLANNING 2024 Scheduled on October 24-25, 2024 at Apple Tree Resort & Hotel, Cagayan de Oro facilitated by the Co-operative College of the Philippines (Co-op College PH).</p>	<p>Using an external facilitator for a clear roadmap toward implementing simple structured assessments will be proposed in the next Board & Management Meeting.</p>
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Recommendation 6.2

<p>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.</p>	<p style="text-align: center;">NON-COMPLIANT</p>	<p>While a system to evaluate the performance of the board, individual directors and committees is encouraged by the CDA as part of strengthening cooperative governance, it is not yet a common practice in the cooperative sector, especially among primary and secondary cooperatives. Most cooperatives continue to focus on institutional performance and compliance, with less emphasis on structured governance-level self-assessments.</p>	<p>The adoption of a formal Board Performance Evaluation System will be proposed during CLIMBS's next Board and Management Meeting.</p>
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<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>COMPLIANT</p>	<p>Mechanisms that allow for feedback from member-cooperatives (shareholders) are more commonly practiced, particularly during the Annual General Assembly (AGA). These feedback mechanisms may include:</p> <ul style="list-style-type: none"> • Ratification of Board Actions and Reports, which implicitly signals member approval or concerns; • Open forums or Member Dialogue Sessions during the AGA; • Satisfaction Surveys, distributed before or during the assembly to gather insights on cooperative leadership and services; • Member grievance mechanisms, which may include leadership-related concerns. 	
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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

<p>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.</p>	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS (Page 13), "<i>CLIMBS has a Conduct and Code of Ethical Standards...applicable to and mandatory for all CLIMBS professionals at all levels, regardless of their individual role, position or practice, including officers and staff...</i>"</p>	
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<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>The Code is disseminated to the senior management and employees through the CLIMBS Employee Handbook when they are officially hired. Dissemination of the Code to the Board is not a priority because their respective cooperatives have their own Code of Business Conduct and Ethics, similar to CLIMBS.</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>NON-COMPLIANT</p>	<p>Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS (Page 13).</p>	<p>Making the Code available to the public through CLIMBS's website will be requested in the next Top Management meeting.</p>
<p>Supplement to Recommendation 7.1</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>CLIMBS has an Anti-Bribery and Anti-Corruption Policy.</p>	

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 ensures implementation and monitoring of its Code of Business Conduct and Ethics through the employee handbook, regular ethics training, signed employee acknowledgments, and internal audits.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS (Page 13); <i>"The Code is applicable to and mandatory for all CLIMBS professionals at all levels, regardless of their individual role, position or practice, including officers and staff in order to maintain professionalism, integrity, mutual respect and fairness in the daily course of business and interactions with co-employees or any other points of contact (internal or external)."</i>	

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

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.	COMPLIANT	The cooperative's status report and financial statement are all accessible on CLIMBS's website: Annual Reports .	
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Amended Articles of Cooperation & By-Laws; ARTICLE VI; AUDIT, INQUIRY, AND MEMBER'S RIGHT TO EXAMINE, Section 46. RIGHT TO EXAMINE THE BOOKS OF ACCOUNTS & REPORTS (Page 21)...<i>"Copy of the annual report shall be submitted to the CDA within 60 days from the end of the calendar year pursuant to Article 54 of RA 6938 as amended under RA 9520. However, the audited financial statements may be submitted together with the annual report, or separately within one hundred twenty days from the end of the cooperative's calendar year in consonance with CDA Memorandum circular No. 2000-05 dated September 26, 2000".</i> • CDA Memorandum Circular No. 2022-19 (Guidelines Prescribing the Requirements for the Issuance of a Certificate of Compliance (COC) and the Grounds for the Non-Issuance, Suspension and Revocation). 	
<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>CLIMBS's 2024 Annual Report is publicly accessible through its website.</p>	

Recommendation 8.2

<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>Cooperative Governance Manual, Reports and Disclosures (Page 20), "The Board shall therefore commit at all times to full disclosure of material information dealings..."</p> <p>Actual dealings of directors involving the cooperative's shares including their nature, number/percentage, and date of transaction are considered Confidential Information and would need approval from the members, as well as CLIMBS's Board of Directors.</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>NON-COMPLIANT</p>	<p>Cooperative Governance Manual, Reports and Disclosures (Page 20).</p>	<p>Creating a policy to require all officers to disclose or report to CLIMBS any dealings in CLIMBS's shares within a certain timeframe will be proposed in the next Board & Management Meeting.</p>
<p>Supplement to Recommendation 8.2</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>	<p>COMPLIANT</p>	<p>CLIMBS does not engage in the trading of shares in the context of a stock corporation. While CLIMBS has common and preferred shares as stipulated in its Amended Articles of Cooperation & By-Laws, these shares are subscribed by member-cooperatives and are not publicly traded nor subject to secondary market transactions.</p> <p>CLIMBS does not maintain records of personal shareholdings by directors or officers, as all ownership is institutional and based on membership. No share buy-back programs exist. As such, the disclosure requirement on trading of shares by directors, officers, or controlling shareholders is not applicable in the cooperative context.</p> <p>CLIMBS's Conglomerate Map may be found on CLIMBS's website.</p>	
<p>Recommendation 8.3</p>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>CLIMBS's 2024 Annual Report 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>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>CLIMBS's 2024 Annual Report 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>	
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 33. DIRECTORS, COMMITTEES & OFFICERS RENUMERATIONS (Page 19). • CDA Memorandum Circular No. 2013-17 (Clarificatory Guidelines in the Implementation of Article 46 of Republic Act No. 9520) 	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 33. DIRECTORS, COMMITTEES & OFFICERS RENUMERATIONS (Page 19).</p>	

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>COMPLIANT</p>	<p>CLIMBS Life and General Insurance Cooperative complies with the cooperative sector's standards on transparency in remuneration through General Assembly-approved director and officer remuneration, as provided in its Amended Articles of Cooperation and By-Laws (Article IV, Section 33). While CLIMBS does not disclose remuneration on an individual basis, it ensures member oversight through annual ratification during the General Assembly.</p> <p>CLIMBS also maintains a documented and structured compensation framework for employees, including a Cooperative Employees Retirement Plan (CERP), and policies on separation, resignation, and termination as outlined in the CLIMBS Employee Handbook. These are aligned with the provisions of the Labor Code of the Philippines and R.A. 7641.</p>	<p>At present, CLIMBS does not publish itemized executive or director-level remuneration. However, the cooperative recognizes evolving standards in transparency and accountability, and will study the feasibility of adopting more detailed executive compensation disclosures in the next Board & Management Meeting.</p>
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Recommendation 8.5

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, Related Party Transactions Policy (Page 14).</p> <p>CLIMBS adheres to the practice of requiring any director or officer with a potential conflict of interest in a proposed transaction to disclose such interest and abstain from participating in both the deliberation and voting on the matter. With that said, there has not been any recent instance of a director involved in a Related Party Transactions (RPTs) and was required to abstain from the board discussion on that particular transaction.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>COMPLIANT</p>	<p>Information on all RPTs for the previous year are stated in CLIMBS's Annual Report 2024.</p>	
<p>Supplement to Recommendation 8.5</p>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>COMPLIANT</p>	<p>RA No. 9520 (Philippine Cooperative Code of 2008), CHAPTER IV - ADMINISTRATION, ART. 39. Directors...</p> <p><i>"(4) Any person engaged in a business similar to that of the cooperative or who in any way has a conflict of interest with it, is disqualified from election as a director of said cooperative."</i></p>	
<p>Optional : Recommendation 8.5</p>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>		<p>Provide link or reference where this is disclosed, if any</p>	
<p>Recommendation 8.6</p>			

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	CLIMBS makes a full, fair, accurate and timely disclosure to the public through its Annual Report .	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	The appointed independent party is P&A Grant Thornton . P&A Grant Thornton discussed the rules and procedures for evaluating the fairness of the transaction price in CLIMBS's 2024 Annual Report .	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	These are disclosed either in CLIMBS's website and/or official Facebook page .	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	1. CLIMBS has a Cooperative Governance Manual which was last updated in 2022.	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	2. CLIMBS submits its CGM to the SEC and CDA.	
3. Company's MCG is posted on its company website.	NON-COMPLIANT	3. CLIMBS has only posted the report and not the CGM as a document.	Posting of the Cooperative Governance Manual, as a document, on CLIMBS's website will be proposed in the next Top Management Meeting.

Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Submitted by: Ms. Niña Flor Barro-Batara (Legal Officer) Submitted to: Anti-Money Laundering and Corporate Governance Division Submitted on: May 30, 2022 (Monday) at 3:08 PM Subject Line: CLIMBS Annual Cooperative Governance Report of 2021	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	N/A	Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
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.			

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.		Provide link or reference to where this is contained in the Annual Report	
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.		Provide link or reference to where this is contained in the Annual Report	
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).		Provide link or reference to where these are contained in the Annual Report	

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	CDA Memorandum Circular No. 2019-10 (Revised Guidelines On The Accreditation Of Cooperative External Auditors).	
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	Cooperative Governance Manual, COMPLIANCE SYSTEM AND INTERNAL CONTROL, External Audit (Page 18). RA 9520 (Philippine Cooperative Code of 2008); "ART. 35. Quorum. A quorum shall consist of at least twenty-five per centum (25%) of all the members entitled to vote..."	

<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>CLIMBS's reason for changing its external auditor is mentioned in its 2023 Annual Report.</p> <p>Official Minutes of the Proceedings of the 51st CLIMBS Annual General Assembly (April 27, 2023); GA Resolution No. 12, series of 2023.</p>	
Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, COMPLIANCE SYSTEM AND INTERNAL CONTROL, External Audit (Page 18); "2. The External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed."</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, COMMITTEES, Audit Committee (Page 9 & 10).</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.	COMPLIANT	Cooperative Governance Manual, COMMITTEES, Audit Committee (Page 9 & 10).	
Supplement to Recommendations 9.2			
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.	COMPLIANT	Cooperative Governance Manual, COMMITTEES, Audit Committee (Page 9 & 10).	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Cooperative Governance Manual, COMMITTEES, Audit Committee (Page 9 & 10).	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	There are no non-audit services performed by the external auditor for fiscal year 2024.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	CDA Memorandum Circular No. 2019-10 (Revised Guidelines On The Accreditation Of Cooperative External Auditors), SECTION 9. Conditions for Engagement of an External Auditor.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	For the year 2024, CLIMBS paid a total of ₱924,312 to its external auditor (P&A Grant Thornton) for audit services. No non-audit services were availed from the same auditor during the year.	
Additional Recommendation to Principle 9			

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Mr. Ramilito L. Nañola CPA Reg. No. 0090741; 2. SEC Accreditation No. 0002; 3. Date Accredited: December 31, 2024; 4. Expiry date of accreditation: August 27, 2027; and 5. Ms. Marose Anatalio (Director, Business Development Group) / 16th, 19th and 20th Floor, Tower 1, The Enterprise Center, Ayala Avenue, Makati City / +63 917 531 0499. 	
<p>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).</p>	<p>COMPLIANT</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection: September 2022; 2. Name of the Audit firm: Punongbayan & Araullo (P&A Grant Thornton); and 3. Members of the engagement team inspected by the SEC: The names of the members of the engagement team were provided to the SEC during the SOAR inspection. 	

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

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	CLIMBS's policies and practices on the disclosure of non-financial information, including EESG issues may be found on the Environmental, Social, and Governance (ESG) Report which is in the 2024 Annual Report .	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Board and Management Sustainability Report which is in the 2024 Annual Report . The standards used are according to CDA Memorandum Circular No. 2021-07 (Guidelines on Sound Environmental Practices for Cooperatives) .	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. 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.	COMPLIANT	The communication channels used by CLIMBS are as follows: <ul style="list-style-type: none"> • Official website, • LinkedIn, • Facebook page, • X (formerly Twitter), • Instagram, • TikTok, and • YouTube channel 	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	N/A	Link to CLIMBS's website .	
a. Financial statements/reports (latest quarterly)	COMPLIANT		
b. Materials provided in briefings to analysts and media	COMPLIANT		

c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	COMPLIANT		
e. Minutes of ASM and/or SSM	COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	COMPLIANT	CLIMBS's official website is mostly compliant with SEC Memorandum Circular No. 11 Series of 2014 (Template for Publicly-Listed Companies' Websites).	
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Internal Control System and Risk Management Framework

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

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	Cooperative Governance Manual, COMMITTEES, Audit Committee, Internal Controls (Page 11); "1. Ensure that a review of the internal auditors' evaluation of the effectiveness of CLIMBS internal controls, including financial, operational, information technology, and compliance controls, and risk management, is conducted at least annually."	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>International frameworks used for Enterprise Risk Management:</p> <ul style="list-style-type: none"> • International Co-operative Alliance (ICA) Guidance • IFRS 17 Risk Framework <p>1. CLIMBS's risk management procedures & processes:</p> <ul style="list-style-type: none"> • Philippine Financial Reporting Standards (PFRS) 17 <p>2. Key risks CLIMBS is currently facing:</p> <ul style="list-style-type: none"> a. Insurance Risk b. Data and Systems Risk c. Liquidity Risk d. Operational Risk e. Investment/Market Risk <p>3. How CLIMBS manages the key risks:</p> <ul style="list-style-type: none"> a. Diversification of risk portfolio, Underwriting guidelines, Actuarial analysis. b. IT upgrades, Data governance, Audit trails. c. Forecasting, Investment in liquid assets, Alignment of inflows/outflows. d. Internal controls, Process audits, Training. e. Asset-liability matching, Investment diversification. <p>The enterprise risk management framework is reviewed annually.</p>	
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Supplement to Recommendations 12.1

<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, acceptance and compliance with the said issuances.</p>	<p>COMPLIANT</p>	<p>Republic Act No. 9520 (Philippine Cooperative Code of 2008), CHAPTER V - RESPONSIBILITIES, RIGHTS AND PRIVILEGES OF COOPERATIVE; "ART. 53. Reports. (1) Every cooperative shall draw up regular reports of its program of activities, including those in pursuance of their socio-civic undertakings, showing their progress and achievements at the end of every fiscal year..."</p> <p>These submissions are now coursed through the Cooperative Assessment Information System (CAIS), which is an integrated and comprehensive online system developed mainly for the document processing of the reports by the cooperatives for the issuance of a Certificate of Compliance.</p>	
<p>Optional: Recommendation 12.1</p>			
<p>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.</p>		<p>Provide information on IT governance process</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>CLIMBS's internal audit is in-house.</p>	
<p>Recommendation 12.3</p>			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	In the cooperative setting the Chief Audit Executive (CAE) is known as the Chief Internal Auditor . For CLIMBS - Ms. Michelle Mae B. Unabia was appointed by the BOD during the December 2022 Board & Management Meeting. Her responsibilities are outlined under Cooperative Governance Manual, COMPLIANCE SYSTEM AND INTERNAL CONTROL, Internal Audit (Page 18) .	
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		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	In such cases a qualified independent executive or senior management personnel would not be assigned, but a personnel from either the Audit Committee or the Internal Audit.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	CLIMBS's risk management function is the Governance and Risk Management , which is explained in the 2024 Annual Report .	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	The source of external technical support would be provided by the Co-operative College of the Philippines .	
Recommendation 12.5			

<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>While CLIMBS does not currently have a position titled Chief Risk Officer (CRO), the responsibilities typically assigned to such a role are fulfilled by the Vice President for Operations, Ms. Blesilda L. Cumba. This VP for Operations is responsible for implementing the Cooperative's enterprise risk management framework, identifying and mitigating emerging risks, and regularly reporting to the Board of Directors and Top Management.</p>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>		
<p>Additional Recommendation to Principle 12</p>			
<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.</p>	<p>COMPLIANT</p>	<p>The attestation that a sound internal audit, control and compliance system is in place and working effectively is done by CLIMBS's Chief Internal Auditor and the Audit Committee. Such attestation is found on CLIMBS's Annual Report.</p>	
<p>Cultivating a Synergic Relationship with Shareholders</p>			
<p>Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p>			
<p>Recommendation 13.1</p>			
<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>NON-COMPLIANT</p>	<p>CLIMBS's Cooperative Governance Manual is not posted on the website as a document, but CLIMBS's Corporate Governance Report is posted on the website.</p>	<p>Posting of the Cooperative Governance Manual, as a document, on CLIMBS's website will be proposed in the next Top Management Meeting.</p>

2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Shareholder or Member rights are disclosed on the CLIMBS's Amended Articles of Cooperation & By-Laws which is posted on our website.	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	CLIMBS Election Guidelines & Vacancies; "Allocation of Votes: <i>1. Minimum common share of P100,000.00 – one (1) basic vote;</i> <i>2. Additional one vote for every paid-up share of 50,000, provided that the additional incentive votes should not be more than four (4);</i> <i>3. Additional one privilege vote for cooperatives with at least two products;</i> <i>4. Total number of votes given shall be a maximum of only five (5) votes."</i>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Amended Articles of Cooperation & By-Laws, ARTICLE II, MEMBERSHIP; Section 3. QUALIFICATION OF MEMBERSHIP (Page 10 & 11).	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	CLIMBS Election Guidelines & Vacancies; "Election Proper: ... <i>Voting will be done electronically..."</i>	
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	Amended Articles of Cooperation & By-Laws, ARTICLE III, GOVERNMENT; Section 22. QUORUM FOR THE GENERAL ASSEMBLY (Page 15). <i>"The presence of at least twenty-five (25) percent of Members In Good Standing (MIGS) shall constitute a quorum for the transaction of business."</i>	

<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE III, GOVERNMENT; Section 19. SPECIAL GENERAL ASSEMBLY MEETING (Page 14). <i>"Special Assembly of the members may be called at any time by the Board of Directors upon the written request of at least ten (10) percent of the regular members entitled to vote to consider urgent matters requiring immediate membership decision."</i></p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE II, MEMBERSHIP; Section 5. SHARE CAPITAL SUBSCRIPTION (Page 11). Cooperative Governance Manual, STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS, Shareholders' Rights, 5. Right to Dividends (Page 22).</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE X, ALLOCATIONS AND DISTRIBUTION OF NET SURPLUS; Section 58. ORDER OF THE DISTRIBUTION OF NET SURPLUS (Page 25 & 26). CLIMBS declared its 2024 net surplus in its Annual Report.</p>	
Optional: Recommendation 13.1			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>		<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p>	

Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.

COMPLIANT

Amended Articles of Cooperation & By-Laws, ARTICLE III, GOVERNMENT, Section 20. NOTICE OF MEETING (Page 14); "... The notice shall state the purpose, the time, date and place of assembly, and at the discretion of the Board of Directors shall be served by the Secretary or his authorized representative by email of facsimile to its last known email address or fax number at least fifteen (15) days prior to the date of the assembly to each member entitled to vote. No business shall be transacted at assemblies other than that referred to in the notice..."

Amended Articles of Cooperation & By-Laws, ARTICLE IV, BOARD OF DIRECTORS, Section 33. DIRECTORS, COMMITTEES & OFFICERS RENUMERATIONS (Page 19); "The members of the Board of Directors, Committees and officers shall receive such remuneration as may be approved by the general assembly each year..."

Last April 25 & 26, 2024 CLIMBS celebrated its [52nd Annual General Assembly](#). A detailed agenda of the event may be found in the [2024 Annual Report](#).

Supplemental to Recommendation 13.2

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	CLIMBS celebrated its 52nd Annual General Assembly with the theme, "A Climate Insurance for Year 1: Let's Connect, Lead, Inspire, Motivate, Build, and Sustain!" last April 25 & 26, 2024 at the Marriott Hotel, Pasay City, Manila.	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	Provided in the 2024 Annual Report .	
b. Auditors seeking appointment/re-appointment	COMPLIANT	Provided in the 2024 Annual Report .	
c. Proxy documents	COMPLIANT	Provided in the 2024 Annual Report .	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<ul style="list-style-type: none"> • CDA Memorandum Circular No. 2022-07 (Guidelines on the Calling of a General Assembly/Representative Assembly by the Authority). • CDA Memorandum Circular No. 2024-17 (Amendments and Supplements to Memorandum Circular No. 2022-07 on the Guidelines in the Conduct of a CDA Supervised General/Representative Assembly Meeting by the Authority). 	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	CLIMBS 52nd Annual General Assembly (AGA) <ul style="list-style-type: none"> • All relevant questions raised and answered, and • Results of the Election of Directors and Committees are all in the 2024 Annual Report .	

<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>COMPLIANT</p>	<p>Minutes of the Annual General Assembly are not made available on the company website within five business days from the end of the assembly. However, it is available upon request and in the Annual Report.</p> <p>CLIMBS's 52nd Annual General Assembly had 17 Resolutions plus the Declaration of the Newly Elected Officers.</p> <p>Voting on resolutions was done through motions.</p> <p>In every CLIMBS Annual General Assembly members are always given the opportunity to ask questions. Answers are given right away or may be put on hold for the next AGA.</p>	
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>COMPLIANT</p>	<p>Mr. Jerald Sanchez (Partner, Audit & Assurance) of Punongbayan & Araullo (P&A) Grant Thornton reported to the Assembly the Audited Financial Statement of CLIMBS for year 2023.</p>	
<p>Recommendation 13.4</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE XI, SETTLEMENT OF DISPUTES (Page 26 & 27).</p>	

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Cooperative Governance Manual, STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS, Alternative Dispute Mechanism (Page 23).	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Cooperatives typically do not have an "Investor Relations Office" or "Investor Relations Officer" in the same sense as a listed corporation, because cooperatives do not have external investors or publicly listed shares. Instead, they operate with member-owners hence, an equivalent office & position would be a " Member Relations Office " & " Member Relations Officer ". The contact details of CLIMBS's Member Relations Manager are as follows - 1. Name: Ms. Maria Theresa L. Seneca 2. Phone number: 0917 701 0662 3. Fax number: N/A 4. E-mail address: member_relationsmanager@climbs.coop	
2. IRO is present at every shareholder's meeting.	COMPLIANT	The Member Relations Manager was present during CLIMBS's 52nd Annual General Assembly.	
Supplemental Recommendations to Principle 13			

<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>COMPLIANT</p>	<p>Cooperatives, unlike in traditional stock corporations, typically do not have external "hostile takeovers". However, the CDA through R.A. No. 9520 (Philippine Cooperative Code of 2008) provides regulations and guidelines to protect cooperatives from actions that could negatively impact their viability and membership.</p> <p>Provisions present in CLIMBS's Amended Articles of Cooperation & By-Laws and Cooperative Governance Manual akin to anti-takeover measures are:</p> <ul style="list-style-type: none"> • Democratic election practices. • Maintaining and adhering to term limits as required by the by-laws. • Regularly reviewing nomination and election policies. • Transparency of policies and practices to all members. • Encouraging the participation and training of potential future leaders. 	
<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>COMPLIANT</p>	<p>While cooperatives do not have a public float equivalent as in stock corporations, CLIMBS promotes wide member participation and ownership through its compliance with the one-member-one-vote principle and the statutory cap of 10% maximum shareholding by any single member, in line with the cooperative's democratic governance model.</p>	

Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	

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	Amended Articles of Cooperation & By-Laws, ARTICLE II, MEMBERSHIP <i>(Page 10 - 13).</i> Cooperative Governance Manual, STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS <i>(Page 21).</i>	
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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	Amended Articles of Cooperation & By-Laws, ARTICLE II, MEMBERSHIP <i>(Page 10 - 13).</i> Cooperative Governance Manual, STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS <i>(Page 21).</i>	
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Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>COMPLIANT</p>	<p>Contact Person - Name: Shelou Mae A. Bayron (Member Relations Assistant II) Contact Number: (+63) 917-701-0662 Email Address: customerservice@climbs.coop</p> <p>Whistleblowing policy, practices and procedures for stakeholders -</p> <ul style="list-style-type: none"> • Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS, Related Policies, Whistleblower Policy (Page 15). • CLIMBS WHISTLEBLOWING AND NON-RETALIATION POLICY. 	
Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>Amended Articles of Cooperation & By-Laws, ARTICLE XI, SETTLEMENT OF DISPUTES (Page 26 - 28).</p> <p>Cooperative Governance Manual, STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS, Alternative Dispute Mechanism (Page 23).</p>	
Additional Recommendations to Principle 14			

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>COMPLIANT</p>	<p>R.A. No. 9520 (Philippine Cooperative Code of 2008), CHAPTER V - RESPONSIBILITIES, RIGHTS AND PRIVILEGES OF COOPERATIVE; ART. 60. Tax Treatment of Cooperative. ART.61. Tax and Other Exemptions.</p> <p>CLIMBS, as a cooperative organized under R.A. 9520, is not subject to certain corporate governance requirements applicable to stock corporations. Instead, it adheres to the governance framework established by the Cooperative Code and the regulations of the Cooperative Development Authority (CDA). CLIMBS does, however, secure confirmation of its entitlements (e.g., tax exemptions) and seeks regulatory clarifications where corporate rules do not fully align with cooperative structures.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>COMPLIANT</p>	<p>CDA Memorandum Circular No. 2024-19 [Procedure for a Referral System of Intellectual Property Disputes from the Cooperative Development Authority (CDA) to the Intellectual Property Office – Bureau of Legal Affairs’ Alternative Dispute Resolution Services (BLA-ADRS)]</p>	
<p>Optional: Principle 14</p>			

1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	

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 encourages active employee participation in the realization of the cooperative's goals and governance through: <ul style="list-style-type: none"> • Strategic planning workshops, • Employee suggestion and recognition programs, • Capacity building on cooperative principles, • Membership in CLIMBS Employees Cooperative (CEC), and • Participatory policy development processes. 	
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Supplement to Recommendation 15.1

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>COMPLIANT</p>	<p>CLIMBS does not operate an Employee Stock Option Plan (ESOP) as it is organized as a cooperative rather than a stock corporation. Instead, CLIMBS encourages employee participation and ownership through membership in the CLIMBS Employees Cooperative (CEC), a credit cooperative that supports employees' savings and loan needs, and facilitates their participation in the cooperative's capital build-up.</p>	
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<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>Practices on health, safety and welfare of its employees; For health -</p> <ul style="list-style-type: none"> • Memo No. 2025-11: Annual Physical Examination • Memo No. 2025-33: Stepperton (every Monday & Wednesday) • Memo No. 2025-41: Annual Flu Vaccination • Memo No. 2025-44: Basketball Thursdays • Memo No. 2025-50: Badminton Tuesdays <p>For safety & welfare -</p> <p>CLIMBS Community Action Response to Emergency Services (CARES), a community-response team which provides services such as:</p> <ol style="list-style-type: none"> 1. Fire Brigade Volunteering, 2. To assist poverty-stricken communities especially in the distribution of safe drinking water and water for sanitation purposes, 3. Relief Operations, 4. Basic First Aid & Rescue, 5. Medical & Dental Missions, 6. Tree planting, 7. Mangrove restoration and rehabilitation projects, and 8. Clean-up drives. <p>CLIMBS CARES works closely with Kusgan Volunteers Inc. (KVI), a group of organized volunteers who take advocacy and action primarily for local assistance and development.</p>	
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<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>R.A. No. 9520 (Philippine Cooperative Code of 2008), CHAPTER I - GENERAL CONCEPTS AND PRINCIPLES, ART. 4. Cooperative Principles, “(5) Education, Training and Information – Cooperatives shall provide education and training for their members, elected and appointed representatives, managers, and employees, so that they can contribute effectively and efficiently to the development of their cooperatives.”</p> <p>The Co-operative College of the Philippines (Co-op College PH) is the education arm of CLIMBS Life and General Insurance Cooperative, and the exclusive training provider and implementing arm of the National Federation of Cooperative Primaries in the Philippines (NaFeCOOP).</p>	
Recommendation 15.2			
<p>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.</p>	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS, Related Policies, Anti-Bribery and Anti-Corruption Policy (Page 16).</p> <p>CLIMBS ANTI-BRIBERY AND ANTI-CORRUPTION POLICY document.</p>	

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>CLIMBS Employee Handbook; Standards of Conduct (Page 35) and Solicitation and Gift-receiving Policy (Page 48).</p> <p>The handbook is given to an employee upon his/her employment with CLIMBS.</p>	
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Supplement to Recommendation 15.2

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS, Related Policies, Anti-Bribery and Anti-Corruption Policy (Page 16).</p> <p>CLIMBS Employee Handbook, Solicitation and Gift-receiving Policy (Page 48).</p> <p>CLIMBS has had no findings of violations of the Anti-Bribery & Anti-Corruption policy.</p>	
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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>1. Cooperative Governance Manual, CODE OF BUSINESS CONDUCT & ETHICS, Related Policies, Whistleblower Policy (Page 15). 2. CLIMBS WHISTLEBLOWING AND NON-RETALIATION POLICY document.</p> <p>NON-RETALIATION POLICY <i>"No Whistleblower who in good faith reports a perceived or actual irregularity shall suffer retaliation. CLIMBS will not retaliate against a Whistleblower or allow any retaliation against a Whistleblower acting in good faith."</i></p> <p>REPORTING CHANNELS AND RESPONSIBILITIES In addition, the following shall be responsible for receiving Whistleblower Reports and shall perform necessary actions without delay:</p> <ul style="list-style-type: none"> • Compliance Officer • Internal Audit • Human Resources • Legal Officer <p>...</p> <p>For the purpose of this Whistleblower Policy, CLIMBS Evaluation Team shall be composed of the Compliance Officer, Internal Audit, Human Resources, and Legal Officer.</p>	
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<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>CLIMBS's WHISTLEBLOWING AND NON-RETALIATION POLICY, REPORTING CHANNELS AND RESPONSIBILITIES (Page 4); "Under extraordinary circumstances, the whistleblower may also course the complaint through other reporting lines, like the President or the Chairman of the Audit Committee."</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>COMPLIANT</p>	<p>The Board, through its Audit Committee, oversees the implementation, periodic review, and enforcement of the whistleblowing policy. The Committee ensures that whistleblower reports are handled objectively, fairly, and confidentially, and that appropriate actions are taken on validated reports. The Board also ensures that whistleblowers are protected from retaliation.</p>	

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

<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>CLIMBS's community involvement - Amended Articles of Cooperation & By-Laws, ARTICLE X, ALLOCATIONS AND DISTRIBUTION OF NET SURPLUS (Page 25); Section 58. ORDER OF THE DISTRIBUTION OF NET SURPLUS... "c) <i>An amount for the Community Development Fund, which shall be three per centum (3%) of the net surplus. The Community development Fund shall be used for projects or activities that will benefit the community where the cooperative operates."</i></p> <p>CLIMBS's environment-related programs - <u>Weather Protect Insurance (WPI)</u> aims to provide sustainable and inclusive protection for cooperatives and their farmer-members. It is an innovative solution using blockchain technology with a unique feature on smart agriculture to help build resilience and sustainability among our farmers and agripreneurs. It is also in compliance with the Philippine Development Plan (PDP) supported by <u>Insurance Commission (IC) Circular Letter No. 2015-53</u> to promote an agriculture microinsurance product, increase sector resilience to climate change risk, and introduce innovative risk-transfer mechanism such as weather-based or index parametric insurance system.</p>	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

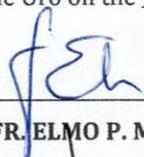


CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE
A Climate Insurance: Insuring where you are!

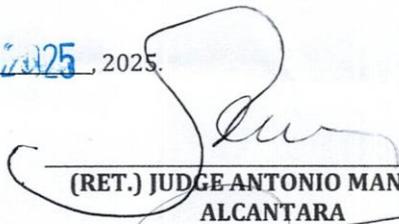
CERTIFICATION

The undersigned certify that the responses and explanations set forth in the **Annual Corporate Governance Report of CLIMBS Life and General Insurance Cooperative** are true, complete, and correct of our own personal knowledge and/or based on authentic records.

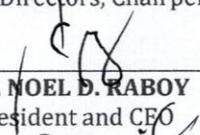
Signed in the City of Cagayan de Oro on the AUG 26 2025, 2025.



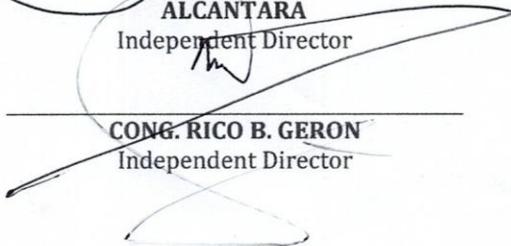
REV. FR. ELMO P. MACHING
Board of Directors, Chairperson



(RET.) JUDGE ANTONIO MANUEL A. ALCANTARA
Independent Director



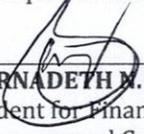
MR. NOEL D. RABOY
President and CEO



CONG. RICO B. GERON
Independent Director



ATTY. ISIDRO Q. LICO
Corporate Secretary



MS. BERNADETH N. BERNADAS
Vice President for Finance, Investment & Treasury and Compliance

ACKNOWLEDGEMENT

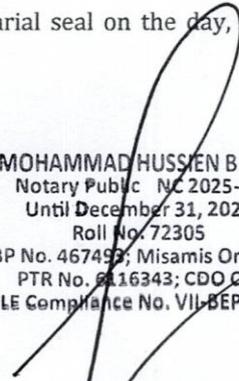
AUG 26 2025 **SUBSCRIBED AND SWORN** to before me a Notary Public for and in the City of Cagayan de Oro, Philippines, this ____ day of _____, 2025, by the following who are all personally known to me or whom I have identified through competent evidence of identity and who exhibited to me their respective identification documents as follows:

NAME	ID TYPE	ID NUMBER
1. Rev. Fr. Elmo Manching		
2. Mr. Noel D. Raboy		
3. Atty. Isidro Q. Lico	DRIVER'S LICENSE	K02-84-6029701
4. Ms. Bernadeth N. Bernadas		
5. (Ret.) Judge Antonio Manuel A. Alcantara		
6. Cong. Rico B. Geron		

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the day, year, and place above written.

NOTARY PUBLIC

Doc. No.: 241
Page No.: 50
Book No.: 20
Series of 2025


ATTY. MOHAMMAD HUSSEIN B. LUCMAN
Notary Public NC 2025-19
Until December 31, 2026
Roll No. 72305
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PTR No. 6116343; CDO City
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