



**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) <b>“Recommendations”</b> – derived from the CG Code for PLCs;</p> <p>(2) <b>“Supplement to Recommendation”</b> – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) <b>“Additional Recommendations”</b> – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) <b>“Optional Recommendation”</b> – practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*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.</b></p> | <p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p> | <p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p> | <p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>*“Not Applicable” or “None” shall not be considered as sufficient explanation</b></p> |

**C. Signature and Filing of the Report**

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



## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **31 DECEMBER 2020**
2. SEC Identification Number: **CS200900917**
3. BIR Tax Identification No.: **007-213-353**
4. Exact name of issuer as specified in its charter: **ITALPINAS DEVELOPMENT CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **MAKATI CITY, PHILIPPINES**
6.  (SEC Use Only)  
Industry Classification Code
7. Address of principal office: **UNIT 28C BPI PHILAMLIFE BLDG., 6811 AYALA AVE., MAKATI CITY**  
Postal Code: **1226**
8. Issuer's telephone number, including area code: **(02) 8893 0328**
9. Former name, former address, and former fiscal year, if changed since last report: **N/A**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

|  | COMPLIANT / NON-COMPLIANT | ADDITIONAL INFORMATION   | EXPLANATION |
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| <b>The Board's Governance Responsibilities</b>   |                           |  |             |
| <p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p> |                           |  |             |
| <b>Recommendation 1.1</b>  |                           |  |             |
| <p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>   | <b>Compliant</b>          | <p>The Company's Manual on Corporate Governance provides the qualifications of the Board of Directors as follows:<br/> <i>"1.2 c With relevant experience and credentials such as previous business experience in a corporation, membership in good standing in relevant industry and membership in business or professional organizations and practical understanding of the business of the Company and its subsidiaries."</i></p> <p>For purposes of flexibility, industry specific experience or qualification is not provided for, but under the Manual on Corporate Governance, the Nomination Committee is tasked as follows:<br/> <i>"2.2a Evaluate the qualifications of all persons nominated for election to the Board of Directors and recommend such adjustment in the Board structure and the skills and expertise required to meet the needs of the Company."</i></p> |             |
| <p>2. Board has an appropriate mix of competence and expertise.</p>  | <b>Compliant</b>          |  |             |
| <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>  | <b>Compliant</b>          |  |             |

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|  |                  | Aside from the above requirement, the Company's BOD is composed of directors of various experience and expertise as can be seen in our roster of directors. We have attached the Company's Revised Corporate Governance (CG) Manual for reference. |  |
| <b>Recommendation 1.2</b>  |                  |  |  |
| 1. Board is composed of a majority of non-executive directors.   | <b>Compliant</b> | The following link identifies the directors and officers of the Company:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a>  |  |
| <b>Recommendation 1.3</b>  |                  |  |  |
| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | <b>Compliant</b> | The Revised Corporate Governance Manual provides that the Chairman shall:<br><i>"3.1e Assure(s) the availability of proper orientation for first-time directors and continuing training opportunities for all directors"</i>                       |  |
| 2. Company has an orientation program for first time directors.  | <b>Compliant</b> |  |  |
| 3. Company has relevant annual continuing training for all directors.  | <b>Compliant</b> |  |  |

| Recommendation 1.4   |                      |  |   |
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| 1. Board has a policy on board diversity.  | <b>Compliant</b>     | <p>The Revised Corporate Governance Manual provides under paragraph 3 of item 1.1 <i>"The Board shall be composed of directors of proven integrity and having the appropriate mix of core competencies that would be relevant to the Company and help build a sustainable business. The Board shall encourage diversity in its composition as to age, gender, culture, skills, competence and knowledge. It shall endeavor to exercise an objective and independent judgment in the performance of its duties and responsibilities."</i></p> <p>The board has 9 members, including the President, Corporate Secretary, and two Independent Directors. 7 of the 9 directors are male, while 2 are female.</p> |   |
| Optional: Recommendation 1.4   |                      |  |   |
| 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. | <b>Non-compliant</b> |  | While no explicit measurable objectives have been set specifically for implementing the board diversity policy, the Board and the Nomination Committee ensure that there is sufficient diversity in the Board's composition as their assessment and selection of a proposed candidate for director take into consideration diversity in background, skills and expertise, personal attributes and abilities so as to make significant contribution to the Board and to the Company. |

| Recommendation 1.5  |                      |  |   |
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| 1. Board is assisted by a Corporate Secretary                               | <b>Compliant</b>     | Atty Christine P. Base is the appointed Corporate Secretary and assists the Board in the performance of its duties and responsibilities. Her biographical information and qualifications, including her present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE and attached herein for reference. |   |
| 2. Corporate Secretary is a separate individual from the Compliance Officer | <b>Non-Compliant</b> |  | Ms. Base is the Compliance officer for the period. She assists the Board in the performance of its duties and responsibilities. She is a member of the Board of Directors.<br><br>Currently, the office of the Corporate secretary is doing the function of compliance officer. |
| 3. Corporate Secretary is not a member of the Board of Directors.           | <b>Non-compliant</b> |  | Atty. Base was elected as the Company's Director by reason of her various experience counselling her clients from different types of industries. Furthermore, her position as a corporate secretary does not affect and does not conflict her responsibilities as a director.   |
| 4. Corporate Secretary attends training/s on corporate governance.          | <b>Compliant</b>     | The Corporate Secretary, Atty. Christine C. Base, attends training on corporate governance. The last one she attended was on January 12, 2021, where she attended a seminar on Corporate   |   |

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|   |                      | Governance with credits, entitled "New Code of Corporate Governance for Public Companies and Registered Issuers," hosted by the Center for Global Best Practices, held virtually.   |   |
| <b>Optional: Recommendation 1.5</b>   |                      |   |   |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.                       | <b>Compliant</b>     | As a general rule, agenda materials for consideration of the Board are distributed to them at least 5 business days before the scheduled meeting. Please see attached notice of the regular meetings of the company.  |   |
| <b>Recommendation 1.6</b>   |                      |   |   |
| 1. Board is assisted by a Compliance Officer.   | <b>Compliant</b>     | Atty Christine P. Base is the appointed Compliance Officer and assists the Board in the performance of its duties and responsibilities.<br><br>Her biographical information and qualifications, including her present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE. Please see link for reference.<br><a href="https://edge.pse.com.ph/companyPage/directors_and_management_list.do?cmpy_id=660">https://edge.pse.com.ph/companyPage/directors_and_management_list.do?cmpy_id=660</a><br>It may also be found in the corporate website of the Company:<br><a href="https://italpinas.com/about-us/leadership/Her_duties_as_Compliance_Officer_are_described_in_the_Revised_Manual_of_CG">https://italpinas.com/about-us/leadership/Her_duties_as_Compliance_Officer_are_described_in_the_Revised_Manual_of_CG</a> . A copy of the Revised Manual on Corporate Governance may be found in the Corporate website:<br><a href="https://italpinas.com/wp-content/uploads/Manual-on-Corporate-Governance.pdf">https://italpinas.com/wp-content/uploads/Manual-on-Corporate-Governance.pdf</a> | Due to the Company's minimal operations and requirements, the duties and responsibilities of a Compliance Officer are performed by the Corporate Secretary. |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | <b>Non-Compliant</b> |   |   |
| 3. Compliance Officer is not a member of the board.   | <b>Non-Compliant</b> |   |   |



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| 4. Compliance Officer attends training/s on corporate governance.   | <b>Compliant</b> | The Corporate Secretary/Compliance Officer, Atty. Christine C. Base, attends training on corporate governance. The last one she attended was on January 12, 2021, where she attended a seminar on Corporate Governance with credits, entitled "New Code of Corporate Governance for Public Companies and Registered Issuers," hosted by the Center for Global Best Practices, held virtually. |  |
| <b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders. |                  |   |  |
| <b>Recommendation 2.1</b>   |                  |   |  |
| 1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.  | <b>Compliant</b> | The Board of Directors gives importance to its responsibilities as such. This can be seen in the meetings conducted by the company wherein acts of management are deliberated and approved by the board.  |  |
| <b>Recommendation 2.2</b>   |                  |   |  |
| 1. Board oversees the development, review and approval of the company's business objectives and strategy.   | <b>Compliant</b> | Sections A.1.6 and 1.7 of the Corporation's Revised Corporate Governance Manual set out the Board responsibility for formulating the Corporation's business objectives and defining its strategic priorities for sustainability.  |  |
| 2. Board oversees and monitors the implementation of the company's business objectives and strategy.  | <b>Compliant</b> | This can be seen in the meetings conducted by the company wherein both the direction and the acts of management are deliberated and approved by the board.  |  |
| <b>Supplement to Recommendation 2.2</b>   |                  |   |  |

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| 1. Board has a clearly defined and updated vision, mission and core values.  | <b>Compliant</b> | <p>The Company's vision and mission statement and core values are disclosed in the Annual Report of Management to the Shareholders, a copy of which is available at its website under the following link:</p> <p><a href="http://www.italpinas.com">http://www.italpinas.com</a></p> <p>The Board reviews the Company's vision and mission at least once a year and, when necessary, updates it.</p> |  |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | <b>Compliant</b> | The Board of Directors, upon recommendation from management, deliberates the best possible direction of the Company. Upon approval, the board reviews the progress of this direction through its regular quarterly board meetings or its special board meetings when applicable.   |  |
| <b>Recommendation 2.3</b>  |                  |  |  |
| 1. Board is headed by a competent and qualified Chairperson.   | <b>Compliant</b> | <p><b>Arch. Romolo Valentino Nati</b>, 47 years old, Italian, is a multi awarded green architect, sustainable developer and multi awarded car designer (BMW and Mitsubishi). He has been awarded in Italy, Estonia and the Philippines. He graduated "Summa Cum Laude" in Architecture in Rome at the University of Rome</p>   |  |
|  |                  | <p>"La Sapienza" and has a Specialization Course in Urban Landscape and Layers from University of Tallin, Estonia and currently taking an Executive Master's in Business Administration from Asian Institute of Management, Philippines.</p>   |  |

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|  |                      | <p>Arch. Nati is primarily responsible for the overall management and implementation of the Company's projects. He particularly enjoys working in a team environment, collaborating with the development and design teams from concepts, early site and product development through project sell-out.</p> <p>His biographical information and qualifications, including his present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE.</p> |   |
| <b>Recommendation 2.4</b>  |                      |  |   |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | <b>Compliant</b>     | <p>The board ensures that there is an effective succession plan for directors, key officers, and management.</p> <p>Employees with potential are given opportunities to hone their leadership skills through various trainings available and mentoring programs to be viable for more senior roles in the Company.</p>   |   |
|  |                      | <p>Also, the Nomination Committee works to ensure that a short list of experts and professionals having the leadership experience, skills-set and expertise relevant to the business of the Corporation is available in case a director or key senior officer would be retiring.</p>   |   |
| 2. Board adopts a policy on the retirement for directors and key officers.                                       | <b>Non-compliant</b> | The Company's By-Laws provide for a one-year term for elected Directors who may stand for re-  | The Board has yet to fix a specific retirement age policy for its |

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|   |                      | election. All nominees for election or re-election for Board membership undergo an assessment process through the Nomination Committee which screens the candidates in line with the Company's strategic goals and needs of the Board and requirement to refresh and recruit new directors and key officers.   | directors and key officers. However, to aid in the Board renewal process, the Company adopts a robust performance evaluation for the Board and senior management and continuous assessment of Board skills set requirements.                        |
| <b>Recommendation 2.5</b>   |                      |  |   |
| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | <b>Compliant</b>     | Other than the payment of reasonable per diem allowances as discussed below, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director. The remuneration of key officers and board members are aligned with long-term interests of the company. |   |
| 2. Board adopts a policy specifying the relationship between remuneration and performance.                  | <b>Non-compliant</b> |  | The board through the remuneration committee adopts a policy specifying the relationship between remuneration/promotion and performance. While not in writing, the same is applied by the board as can be seen in the performance of its employees. |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration.         | <b>Compliant</b>     | No director is involved in directly deciding his/her remuneration. Upon management recommendation, the board ratifies any changes in the remuneration and the same is ratified by the shareholders during its regular meetings.  |   |

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|   |                      | <p>Non-executive directors do not receive options, share-based incentives or bonuses.</p> <p>The director's compensation is also described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE.</p>                 |  |
| <b>Optional: Recommendation 2.5</b>   |                      |   |  |
| 1. Board approves the remuneration of senior executives.  | <b>Non-compliant</b> |   | While the Board does not approve remuneration of senior executives, the remuneration committee regularly reports to the Board the rationale and process of determining executive compensation. |
| 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. | <b>Compliant</b>     | The variable remuneration packages of the President & the CEO and top senior officers are based on achievement of certain target performance criteria linked with the annual budget and other parameters.   |  |
| <b>Recommendation 2.6</b>   |                      |   |  |
| 1. Board has a formal and transparent board nomination and election policy.   | <b>Compliant</b>     | The Board has adopted a formal and transparent board nomination and election policy. This policy is also disclosed in the Definitive Information Statement provided to the Shareholders in connection with the holding of the Corporation's Annual Stockholders' Meeting. |  |

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| <p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>   | <p><b>Compliant through alternative practice</b></p> | <p>In accordance with the mandate provided Company's By Laws, the Nomination Committee has prescribed the procedures for the nomination and election of directors as well as screening policies and parameters in the review of the qualifications of the nominees for election to the Board of Directors. The qualification standards for Independent directors and directors in general are also set out in the Company's Manual of Corporate Governance. In accordance with the Corporation Code, any shareholder, including minority shareholders, has a right to nominate candidates to the Board.</p>  | <p>The Board has adopted a formal and transparent board nomination and election. The procedure and criteria for board nomination and election is also provided in the Information Statement, copies of which are available in the Company's website at the following link :</p> <div data-bbox="1549 570 1992 607" style="border: 1px solid black; padding: 2px;"> <p><a href="http://www.italpinas.com">http://www.italpinas.com</a></p> </div> <p>provided to the Shareholders in connection with the holding of the Annual Stockholders' Meeting for the election of directors, among others.</p> |
| <p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>   | <p><b>Compliant</b></p>                              | <p>Written nominations by any stockholders shall be received by the corporation not earlier than 40 days from the ASM but not later than 20 days before the date of the Annual General Meeting of the Stockholders. The Nomination Committee pre screens and short lists the nominees for election by the shareholders during the annual meeting. This is provided for the bylaws of the company and is explained in the notice and information statements sent out by the Company which is submitted to the SEC, disclosed with the PSE, and furnished to all stockholders of record. Copy of the Information Statement is attached herewith for reference.</p> |  |
| <p>4. Board nomination and election policy includes how the board shortlists candidates.</p>   | <p><b>Compliant</b></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.<br/>6.</p> | <p><b>Compliant</b></p>                              |  |  |
| <p>7. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>  | <p><b>Compliant</b></p>                              | <p>The Board and Nomination Committee's assessment of a proposed candidate involve considerations of the diversity in the Board's composition including a review of the</p>  |  |

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|  |                      | nominee's experience, specialized expertise in the industry, understanding of issues affecting the Company, as well as the current composition of the Board, the balance of management and independent directors, the need for independent oversight and evaluations.  |   |
| <b>Optional: Recommendation to 2.6</b>   |                      |  |   |
| 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. | <b>Non-compliant</b> | Identify the professional search firm used or other external sources of candidates   | While the Company does not use professional search firms, the management consults other external sources such as professionals who have worked or advised the Company, or it taps people known in the industry for their qualification and integrity. |
| <b>Recommendation 2.7</b>  |                      |  |   |
| 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.               | <b>Compliant</b>     | The Company's Policy on Material Related Party Transactions is found in the Company's website at the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a><br><br>A revised policy, however, was submitted to SEC on June 25, 2021 to conform to the findings of the SEC's Corporate Governance & Finance Department. A copy of the Revised Policy is attached herewith for reference |   |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.  | <b>Compliant</b>     | The provision for review and approval of material RPTs is found in Part IX of the Revised Policy.  |   |

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| <p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>  | <p><b>Compliant</b></p>                              | <p>Part I (Scope) and Part IV (Criteria) of the Revised Policy clearly indicates that it applies to subsidiaries.</p>   |   |
| <b>Supplement to Recommendations 2.7</b>   |  |   |   |
| <p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p> | <p><b>Compliant</b></p>                              | <p>Part IX of the Revised Policy provides that RPTs exceeding Php 5M in value, whether single or aggregate, must be disclosed and approved on 2/3 vote by the Board, with the independent members participating and voting. In the event of a failure of the 2/3 vote, the RPT shall be submitted to the stockholders for approval.</p> |   |
| <p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of</p>   | <p><b>Compliant through alternative practice</b></p> |   | <p>In lieu of a specific requirement on approval by majority vote of non related/ public shareholders of transactions with related parties,</p> |



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| <p>related party transactions during shareholders' meetings.</p>   |                                |   | <p>the policy/practice adopted by the Board requires that the two independent directors approve the transaction with related parties exceeding the threshold of P10 million in value. The independent directors act on behalf of the minority shareholders in approving or disapproving related party transactions.</p> |
| <p><b>Recommendation 2.8</b></p>   |                                |   |   |
| <p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p> | <p><b>Partly compliant</b></p> | <p>Under Section B. 1.7 (q) of the Company's Revised Manual on Corporate Governance, it is the duty of the Board to approve the selection and appointment of the Chief Compliance Officer, the Chief Risk Officer and Chief Audit Executive.</p> <p>The Company's Bylaws attached herein for reference also provides for the duty of the Board to select and appoint the Chief Executive Officer.</p> <p>The list of individuals comprising the Company's Management Team is available at its website under the following link:</p> | <p>The Company is still actively looking for Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive.</p>  |

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|   |                      | <a href="http://www.italpinas.com">http://www.italpinas.com</a>   |   |
| 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). | <b>Compliant</b>     | Formal appraisals are conducted annually after the end of the year, during which the members of the Management team are individually assessed based on the agreed key performance indicators in support of the business strategies, objectives and financial goals. |   |
| <b>Recommendation 2.9</b>   |                      |   |   |
| 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.  | <b>Non-compliant</b> |   | While the Board has yet to establish a performance management framework, the Company conducts an annual performance review of management using the management by objectives approach. |
| 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.   | <b>Non-compliant</b> |   | The performance review conducted every year applies to personnel, except that the graphic rating scale appraisal is used.   |

| <b>Recommendation 2.10</b>   |                         |  |   |
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| 1. Board oversees that an appropriate internal control system is in place.   | <b>Compliant</b>        | Under Section B. 1.7 of the Company's Revised Manual of Corporate Governance, the Board has the responsibility to ensure the adoption, adequacy and effectiveness of organizational and operational internal controls. |   |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.                            | <b>Partly Compliant</b> | The Company has a draft Conflict of Interest Policy, which is available at its website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a>                                | The Board of Directors has yet to approve the draft Conflict of Interest Policy.  |
| 3. Board approves the Internal Audit Charter.  | <b>Non-compliant</b>    |  | The Company has a draft Internal Audit Charter, but has not presented the same for Board approval, pending the engagement of an Internal Audit Manager who will review the draft charter.   |
| <b>Recommendation 2.11</b>   |                         |  |   |
| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.             | <b>Compliant</b>        | Section B 1.7 of the Company's Revised Manual of Corporate Governance sets out the Board's responsibility to ensure that a sound ERP system is in place.   |   |
| 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. | <b>Non-compliant</b>    |  | The Company is in the process of enhancing its risk management systems and is currently developing a formal enterprise-wide integrated risk management framework for a more comprehensive and coordinated risk response strategy. |

| Recommendation 2.12   |                         |   |  |
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| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.                            | <b>Partly Compliant</b> | The Company has a draft Charter of the Board of Directors, which is available at its website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> |  |
| 2. Board Charter serves as a guide to the directors in the performance of their functions.  | <b>Compliant</b>        | While the Charter is still a draft, the same is already being followed.   |  |
| 3. Board Charter is publicly available and posted on the company's website.   | <b>Compliant</b>        |   |  |
| Additional Recommendation to Principle 2  |                         |   |  |
| 1. Board has a clear insider trading policy.  | <b>Partly Compliant</b> | The Company has a draft Policy on Insider Trading, which is available at its website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a>         |  |
| 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. | <b>Compliant</b>        | While no loans are being granted to directors, any such transaction will be overseen by the audit committee.  |  |
| 2. Company discloses the types of decision requiring board of directors' approval.  | <b>Compliant</b>        | Section B 1.7 of the Company's Revised Manual of Corporate Governance lists the matters   |  |

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|  |  | <p>under the responsibility and authority of the Board to act upon. Significant matters approved by the Board are immediately disclosed by the Company through the PSE Edge Disclosure System and reported to the SEC under SEC Form 17-C, copies of which are available at the Company's website under the following link:</p> <p><a href="http://www.italpinas.com">http://www.italpinas.com</a></p> |  |
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**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

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| <p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p> | <b>Compliant</b> | <p>Section B.2 of the Company's Revised Manual of Corporate Governance sets out the standing committees of the Board.</p> <p>The Board Committees and their members are identified at the Company's website under the following link:</p> <p><a href="http://www.italpinas.com">http://www.italpinas.com</a></p> |  |
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**Recommendation 3.2**

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| <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> | <b>Compliant</b> | <p>Section B.2.1 of the Company's Revised Manual of Corporate Governance sets out duties and responsibilities of the Audit Committee, including its responsibility to recommend for the appointment and removal of the Company's external auditor.</p> |  |
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| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | <b>Partly Compliant</b> | The Audit Committee is composed of Mr. Jose D. Araullo, an independent director, as Chairman, and Attys. Shennan A. Sy and Jose D. Leviste III as members.                                       | The Company intends to bring up the replacement of Atty. Leviste, who is also the President, at the next organizational meeting.   |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.           | <b>Compliant</b>        | The qualifications of the members of the Audit Committee may be viewed at the Company's website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> |  |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.   | <b>Compliant</b>        |  |  |
| <b>Supplement to Recommendation 3.2</b>  |                         |  |  |
| 1. Audit Committee approves all non-audit services conducted by the external auditor.  | <b>Compliant</b>        | The external auditor is not engaged for non-audit services   |  |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.                                | <b>Partly Compliant</b> |  | While the Audit Committee regularly meets with the external audit team, Atty. Leviste, who is the Company's President and a member of the Audit Committee, is often present. |
| <b>Optional: Recommendation 3.2</b>  |                         |  |  |
| 1. Audit Committee meet at least four times during the year.   | <b>Compliant</b>        | The Audit Committee meets to review the quarterly, as well as the annual, financial statements before submission to the Board.   |  |
| 2. Audit Committee approves the appointment and removal of the internal auditor.   | <b>Partly Compliant</b> |  | While the Audit Committee is tasked to appoint the internal auditor, the Company is still  |

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|   |                      |  | searching for suitable candidates to refer to the Committee.  |
| <b>Recommendation 3.3</b>   |                      |  |   |
| 1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. | <b>Compliant</b>     | The Corporate Governance Committee is composed of Atty. Christine Base as Chairman, Mr. Jose G. Araullo, an independent director, and Attys. Shennan A. Sy and Jose D. Leviste III as members.   |   |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.   | <b>Non-Compliant</b> | The qualifications of the members of the Audit Committee may be viewed at the Company's website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> | The Company has only two independent directors, and only Mr. Jose G. Araullo is a member of the Corporate Governance Committee.                           |
| 3. Chairman of the Corporate Governance Committee is an independent director.   | <b>Non-Compliant</b> |  |   |
| <b>Optional: Recommendation 3.3.</b>  |                      |  |   |
| 1. Corporate Governance Committee meet at least twice during the year.  | <b>Non-Compliant</b> |  | While the Corporate Governance Committee has been organized, its members have yet to meet. The members, however, carry out its functions in consultation. |
| <b>Recommendation 3.4</b>   |                      |  |   |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.                                | <b>Non-compliant</b> | Section B 1.7 of the Company's Revised Manual of Corporate Governance provide for the organization of the Board Risk Oversight Committee   | The Board has yet to establish this Committee.  |

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| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.   | <b>Non-compliant</b>    |   |  |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.  | <b>Non-compliant</b>    |   |  |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.   | <b>Non-compliant</b>    |   |  |
| <b>Recommendation 3.5</b>  |                         |   |  |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.  | <b>Non-compliant</b>    | Section B 1.7 of the Company's Revised Manual of Corporate Governance provide for the organization of the Related Party Transactions Committee                              | The Board has yet to establish the Committee. Meantime, the Audit Committee performs the function of reviewing material related party transactions.  |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.   | <b>Non-compliant</b>    |   |  |
| <b>Recommendation 3.6</b>  |                         |   |  |
| 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. | <b>Partly Compliant</b> | The Company has only four established Committees, to wit: Audit Committee, Corporate Governance Committee, Nomination Committee, and Compensation & Remuneration Committee. | Of the established committees, only the Nomination Committee, and the Compensation & Remuneration Committee have draft charters. In any event, the Board ensures that best practices are observed. |



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| 2. Committee Charters provide standards for evaluating the performance of the Committees. | <b>Non-compliant</b>    |  | The draft charters are still in the process of being revised, and a provision on performance evaluation is intended to be included in the revisions. |
| 3. Committee Charters were fully disclosed on the company's website.                      | <b>Partly Compliant</b> | The draft charters may be viewed at the Company's website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> |  |

**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**

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| 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. | <b>Compliant</b> | The Board of Directors are present majority of the time in person and actively participate in the same. Prior to meetings, the board is furnished with materials to be briefed on the upcoming agenda items and are given an opportunity to raise questions, suggest alternative solutions to items raised. |  |
| 2. The directors review meeting materials for all Board and Committee meetings.   | <b>Compliant</b> |   |  |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.   | <b>Compliant</b> |   |  |

**Recommendation 4.2**

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| 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, | <b>Compliant</b> | The Revised Corporate Governance Manual provides that:<br>The non-executive directors of the Board shall concurrently serve in other directorships up to a |  |
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| challenge Management's proposals/views, and oversee the long-term strategy of the company.                                   |                      | maximum of five publicly listed companies to demonstrate their commitment and availability to attend to the affairs of the Company and carry out their duties adequately. All directors shall submit to a low indicative limit on director appointments in other non-listed non-group companies. |   |
| <b>Recommendation 4.3</b>  |                      |  |   |
| 1. The directors notify the company's board before accepting a directorship in another company.                              | <b>Compliant</b>     | The members of the Board of Directors discuss with both management and with the rest of the board of directors whenever they accept directorship in other companies. There was no such instance in the period.   |   |
| <b>Optional: Principle 4</b>   |                      |  |   |
| 1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | <b>Compliant</b>     | The backgrounds of the executive directors are provided in the Information Statements filed with both SEC and PSE.   |   |
| 2. Company schedules board of directors' meetings before the start of the financial year.                                    | <b>Non-compliant</b> | The Company schedules its meetings at the organizational meetings after the general shareholders' meetings.  |   |
| 3. Board of directors meet at least six times during the year.   | <b>Non-compliant</b> |  | The board schedules 4 regular meetings annually but conducts special meetings as they deem fit. |
| 4. Company requires as minimum quorum of at least 2/3 for board decisions.   | <b>Non-compliant</b> |  | The Board only requires majority vote in accordance with law. However, the board, as much as    |

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|  |                      |   | practicable, tries to vote unanimously. Thus, when there are pending questions on agenda items, the board, as much as practicable, defers the resolution of the same until the issue is resolved unanimously. |
| <b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs                         |                      |   |   |
| <b>Recommendation 5.1</b>  |                      |   |   |
| 1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.                   | <b>Non-compliant</b> |   | The Board intends to nominate three independent directors at the next annual stockholders meeting.  |
| <b>Recommendation 5.2</b>  |                      |   |   |
| 1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.                             | <b>Compliant</b>     | The background information of the directors, including the independent directors, may be viewed at the Company's website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> |   |
| <b>Supplement to Recommendation 5.2</b>  |                      |   |   |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | <b>Compliant</b>     | The Company's Information Statement provides/ reflects this policy.   |   |

| Recommendation 5.3  |                       |   |   |
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| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).  | <b>Compliant</b>      | Summary of the backgrounds including the terms of the directors are provided for in the Annual Report and the Information Statement filed with the SEC and disclosed with the PSE.  |   |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years.   | <b>Compliant</b>      | The Revised Corporate Governance Manual provides under 1.3:<br><i>"An independent director who has served the maximum cumulative term of 9 years as independent director shall be disqualified from being re-elected as independent director of the Company."</i>   |   |
| 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. | <b>Not applicable</b> |   | The Company has not been confronted with such instance. |
| Recommendation 5.4  |                       |   |   |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.   | <b>Compliant</b>      | The Company has streamlined the functions of the CEO and President of the Company. The Chairmanship and CEO position is held by Mr. Romolo Nati while the position of President is held by Jose D. Leviste.   |   |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.<br>3.   | <b>Compliant</b>      | The Revised Corporate Governance Manual provides for the distinct and separate functions and responsibilities of the Chairman and the CEO, and the same is accessible at the Company's website under the following link:<br><br><div style="border: 1px solid black; padding: 2px; display: inline-block;">http://www.italpinas.com</div> |   |

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| <b>Recommendation 5.5</b>  |                       |  |   |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.  | <b>Non-compliant</b>  |  | The Company's Chairman is not an independent director. Furthermore, the Company has yet to appoint a lead ID but intends to do so at its upcoming organizational meeting. |
| <b>Recommendation 5.6</b>  |                       |  |   |
| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.   | <b>Compliant</b>      |  |   |
| <b>Recommendation 5.7</b>  |                       |  |   |
| 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.   | <b>Non-compliant</b>  |  | Only the Audit Committee, which is chaired by an independent director, meets with the external auditor.   |
| 2. The meetings are chaired by the lead independent director.  |                       |  |   |
| <b>Optional: Principle 5</b>   |                       |  |   |
| 1. None of the directors is a former CEO of the company in the past 2 years.   | <b>Not applicable</b> |  | Atty. Jose D. Leviste III is the Company's President, and he has been a director of the Company since inception.  |
| <b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. |                       |  |   |
| <b>Recommendation 6.1</b>  |                       |  |   |

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| 1. Board conducts an annual self-assessment of its performance as a whole.   | <b>Non-compliant</b> |  | The Board intends to conduct the self-assessment prior to the next annual stockholder's meeting.  |
| 2. The Chairman conducts a self-assessment of his performance.   |                      |  |   |
| 3. The individual members conduct a self-assessment of their performance.  |                      |  |   |
| 4. Each committee conducts a self-assessment of its performance.   |                      |  |   |
| 5. Every three years, the assessments are supported by an external facilitator.  |                      |  |   |
| <b>Recommendation 6.2</b>  |                      |  |   |
| 1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. | <b>Non-compliant</b> |  | While the Company has not yet approved a process, the shareholders are given the opportunity to judge and elect its directors based on the Board's performance. |
| 2. The system allows for a feedback mechanism from the shareholders.   |                      |  |   |
| <b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>                    |                      |  |   |
| <b>Recommendation 7.1</b>  |                      |  |   |

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| 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. | <b>Partly Compliant</b> | The Company has a draft Code of Business Conduct & Ethics, which is available at its website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> | The Board has yet to approve the Code Business Conduct & Ethics.   |
| 2. The Code is properly disseminated to the Board, senior management and employees.   |                         |   |  |
| 3. The Code is disclosed and made available to the public through the company website.  |                         |   |  |
| <b>Supplement to Recommendation 7.1</b>   |                         |   |  |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.  | <b>Partly Compliant</b> | The Company has a draft Whistle Blowing Policy, which is available at its website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a>            | The Board has yet to approve this policy.  |
| <b>Recommendation 7.2</b>   |                         |   |  |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.   | <b>Non-Compliant</b>    |   | In the absence of a finalized and approved Code of Business Conduct & Ethics, the Company has yet to implement compliance. |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.   |                         |   |  |
| <b>Disclosure and Transparency</b>  |                         |   |  |
| <b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.   |                         |   |  |

| <b>Recommendation 8.1</b>  |                      |   |   |
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| 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.   | <b>Non-compliant</b> | The List of Disclosures can be accessed at the Company's website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> | While the Board has not adopted corporate disclosure policies, the Company follows the relevant disclosure rules of the SEC and the PSE, and regularly informs the directors, officers and employees of the same. |
| <b>Supplement to Recommendations 8.1</b>   |                      |   |   |
| 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. | <b>Non-compliant</b> |   | The AFS is submitted and disclosed at least 105 days from the end of the audit period while the quarterly FS is submitted and disclosed within 45 days from the end of the reporting period.                      |
| 2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.                | <b>Compliant</b>     | The Annual Report can be accessed at the Company's website under the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a>       |   |
| <b>Recommendation 8.2</b>  |                      |   |   |
| 1. Company has a policy requiring all directors to disclose/report to the  | <b>Non-compliant</b> |   | While the Company does not have a written policy on the   |



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| company any dealings in the company's shares within three business days.  |                      |   | same, the Board regularly reminds its members as well as the key officers about the requirement to disclose within 2-3 days from the transaction to give the Company ample time to disclose the same to the SEC and PSE. |
| 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.   |                      |   |  |
| <b>Supplement to Recommendation 8.2</b>   |                      |   |  |
| 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). | <b>Compliant</b>     | Please refer to the top 100 shareholders as disclosed at<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a>   |  |
| <b>Recommendation 8.3</b>   |                      |   |  |
| 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.  | <b>Compliant</b>     | The qualifications of the directors and key officers are provided in its Information Statement and Annual Reports.<br><br>Copies of the above-mentioned documents may be found in the link below:<br><br><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=e4b4a880062c0aaf0de8473cebbd6407">https://edge.pse.com.ph/openDiscViewer.do?edge_no=e4b4a880062c0aaf0de8473cebbd6407</a><br><br><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=e7d344dbefbd7c005d542af6f1e997b9">https://edge.pse.com.ph/openDiscViewer.do?edge_no=e7d344dbefbd7c005d542af6f1e997b9</a> |  |
| 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.  |                      |   |  |
| <b>Recommendation 8.4</b>   |                      |   |  |
| 1. Company provides a clear disclosure of its policies and procedure for setting Board  | <b>Non-compliant</b> |   | While policies for board remuneration have not been set  |

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| remuneration, including the level and mix of the same.  |                       | Disclose or provide link/reference to the company policy and practice for setting board remuneration  | in writing yet, the company through the remuneration committee is currently drafting the policy.  |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.                               |                       |   |   |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.  | <b>Non-compliant</b>  | Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.  | The company discloses the top executive compensation lumped as a group. The remuneration of executives are competitive and within industry standards. |
| <b>Recommendation 8.5</b>   |                       |   |   |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. | <b>Compliant</b>      | The Company's Policy on Material Related Party Transactions is found in the Company's website at the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a><br><br>As discussed above, a revised Policy was submitted to SEC on June 25, 2021 to conform to the findings of the SEC's Corporate Governance & Finance Department, and a copy of the Revised Policy is attached herewith. |   |
| 2. Company discloses material or significant RPTs reviewed and approved during the year.  | <b>Not applicable</b> | There have been no related party transactions involving the directors.  |   |
| <b>Supplement to Recommendation 8.5</b>   |                       |   |   |

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| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests.   | <b>Not applicable</b> | There have been no related party transactions involving the directors.  |  |
| <b>Optional : Recommendation 8.5</b>  |                       |   |  |
| 1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.  | <b>Compliant</b>      | The Company's Policy on Material Related Party Transactions provides for disclosure procedures.   |  |
| <b>Recommendation 8.6</b>   |                       |   |  |
| 1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. | <b>Compliant</b>      | The website of the Company, as well as PSE EDGE, is used for purposes of disclosing to the public such transactions, but there have been no acquisition or disposal of significant assets which would have adverse effect on the Company's viability.   |  |
| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.  | <b>Non-compliant</b>  |   | The Company relies mainly on its own officers, who have with years of experience in the industry, in determining the reasonableness of transaction prices. While no formal engagements are made, the Company's management consults professionals in these matters. |
| <b>Supplement to Recommendation 8.6</b>   |                       |   |  |
| 1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.  | <b>Compliant</b>      | The Company's Information Statement discloses such details. A copy of the IS may be found in the link below:<br><br><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=e4b4a880062c0aaf0de8473cebbd6407">https://edge.pse.com.ph/openDiscViewer.do?edge_no=e4b4a880062c0aaf0de8473cebbd6407</a> |  |

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| <b>Recommendation 8.7</b>   |                  |  |  |
| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG) | <b>Compliant</b> | The corporate governance policies and programs are all in the Revised Manual on Corporate Governance.                          |  |
| 2. Company's MCG is submitted to the SEC and PSE.   | <b>Compliant</b> | Said Manual was submitted to the SEC.  |  |
| 3. Company's MCG is posted on its company website.  | <b>Compliant</b> | the Revised Manual on Corporate Governance, and may be viewed at:<br><br><input type="text" value="http://www.italpinas.com"/> |  |
| <b>Supplement to Recommendation 8.7</b>   |                  |  |  |
| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.           | <b>Compliant</b> | The Revised Manual was submitted to SEC, and there has been no changes since such submission.                                  |  |
| <b>Optional: Principle 8</b>  |                  |  |  |
| 1. Does the company's Annual Report disclose the following information:   | <b>Compliant</b> | The Company's Annual Report has been posted in the Company's website at the following link:                                    |  |
| a. Corporate Objectives   | <b>Compliant</b> | <input type="text" value="http://www.italpinas.com"/>  |  |
| b. Financial performance indicators   | <b>Compliant</b> |  |  |
| c. Non-financial performance indicators   | <b>Compliant</b> |  |  |
| d. Dividend Policy  | <b>Compliant</b> |  |  |
| e. Biographical details (at least age, academic qualifications, date of first   | <b>Compliant</b> |  |  |

|   |                      |   |   |
|---|----------------------|---|---|
| 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  | <b>Non-compliant</b> |   | This is not a requirement. However, the company previously provides this in the old CGR form  |
| g. Total remuneration of each member of the board of directors  | <b>Non-compliant</b> |   | The top remunerations are lumped as a group.  |
| 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.           | <b>Non-compliant</b> |   | The CGR was no longer required to be attached in the annual report. However, the Company always adhered to the rules of the Code of Corporate Governance. |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | <b>Non-compliant</b> |   | While no such disclosure was made, as this was not required, the directors actually conduct a review of the company's material controls.                  |
| 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.                          |                      |   |   |
| 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).                                    | <b>Compliant</b>     | Risks are found in part I of 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.                             | <b>Non-compliant</b>  |   | The company is currently drafting the committee manual which will also cover the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. |
| 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.    | <b>Compliant</b>      | The shareholders approved Roxas Cruz Tagle and Co. as the external auditor by 100% of those present and represented in the meeting. |   |
| 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. | <b>Not applicable</b> | There has been no such incident.  |   |

**Supplement to Recommendation 9.1**

|  |                  |   |  |
|--|------------------|---|--|
| 1. Company has a policy of rotating the lead audit partner every five years. | <b>Compliant</b> | The Revised Manual on Corporate Governance provides under 5.1B that:<br><i>"The Company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the Company, shall be changed with the same frequency."</i> |  |
|--|------------------|---|--|

**Recommendation 9.2**

|   |                             |  |  |
|---|-----------------------------|--|--|
| <p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul> | <p><b>Non-compliant</b></p> |  | <p>The Company is still drafting the Audit Committee Charter.</p>  |
| <p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>  |                             |  |  |
| <p><b>Supplement to Recommendations 9.2</b></p>   |                             |  |  |
| <p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>   | <p><b>Non-compliant</b></p> |  | <p>The Company is still drafting the Audit Committee Charter.</p>  |
| <p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>  | <p><b>Compliant</b></p>     |  | <p>The Audit Committee questions the external auditor on quality control procedures during the submission and prior to its approval of the audit plan.</p> |

| <b>Recommendation 9.3</b>  |                       |   |  |
|--|-----------------------|---|--|
| 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.  | <b>Not applicable</b> | There were no non-audit services that were provided by the external auditor as disclosed in SEC 17-A report.  |  |
| 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. | <b>Non-compliant</b>  |   | The Company is currently drafting the Audit Committee Charter, where a policy on potential conflict of interest situations for auditors will be covered. |
| <b>Supplement to Recommendation 9.3</b>  |                       |   |  |
| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services.  | <b>Not applicable</b> | There were no non-audit services that were provided by the external auditor as disclosed in SEC 17-A report.  |  |
| <b>Additional Recommendation to Principle 9</b>  |                       |   |  |
| 1. Company's external auditor is duly accredited by the SEC under Group A category.  | <b>Compliant</b>      | The Company appointed the firm of Roxas Cruz Tagle & Co. as external auditors. The details of the audit engagement partner as are follows: <ul style="list-style-type: none"> <li>1. Name: Gabriel D. Tabamo Jr.</li> <li>2. SEC Accreditation No: 109213-SEC Group A</li> <li>3. Date Accredited: April 23, 2020</li> <li>4. Accreditation Expiry: April 22, 2021</li> </ul> |  |
| 2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).                              | <b>Compliant</b>      | The Company's external auditors agreed to be subjected to SOAR Inspection   |  |



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

**Recommendation 10.1**

|  |                             |  |   |
|--|-----------------------------|--|---|
| <p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p> | <p><b>Non-compliant</b></p> |  | <p>The company intends to draft relevant policy manuals on disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance</p> |
| <p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>  |                             |  |   |

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

**Recommendation 11.1**

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|--|-----------------------------|--|--|
| <p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p> | <p><b>Non-compliant</b></p> |  | <p>While the company do not use communication channels, management invites media in shareholder meetings as well as uploads updates in its websites. There are relevant articles on the progress of the company from time to time. The website is also updated on the current projects of the company.</p> |
|--|-----------------------------|--|--|

**Supplemental to Principle 11**

|   |                         |  |  |
|---|-------------------------|--|--|
| <p>1. Company has a website disclosing up-to-date information on the following:</p> | <p><b>Compliant</b></p> | <p>Please see the Company's website at the following link:</p> |  |
|---|-------------------------|--|--|

|  |                      |  |   |
|--|----------------------|--|---|
| a. Financial statements/reports (latest quarterly)   | <b>Compliant</b>     | <a href="http://www.italpinas.com">http://www.italpinas.com</a>  |   |
| b. Materials provided in briefings to analysts and media   | <b>Compliant</b>     |  |   |
| c. Downloadable annual report  | <b>Compliant</b>     |  |   |
| d. Notice of ASM and/or SSM  | <b>Compliant</b>     |  |   |
| e. Minutes of ASM and/or SSM   | <b>Compliant</b>     |  |   |
| f. Company's Articles of Incorporation and By-Laws   | <b>Compliant</b>     |  |   |
| <b>Additional Recommendation to Principle 11</b>   |                      |  |   |
| 1. Company complies with SEC-prescribed website template.  | <b>Compliant</b>     |  |   |
| <b>Internal Control System and Risk Management Framework</b>   |                      |  |   |
| <b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework. |                      |  |   |
| <b>Recommendation 12.1</b>   |                      |  |   |
| 1. Company has an adequate and effective internal control system in the conduct of its business.   | <b>Compliant</b>     | The Company's Audit Committee reviews the internal control system to improve the adequacy and effectiveness of controls. |   |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.  | <b>Non-compliant</b> |  | The Audit Committee identifies and monitors company risks while no written policy or procedure is still in place. |
| <b>Supplement to Recommendations 12.1</b>  |                      |  |   |
| 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and   | <b>Non-compliant</b> |  | While the Company has not finalized yet an enterprise wide compliance program, the                                |

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| relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.      |                      |  | management monitors strict compliance to any and all relevant regulatory requirements. |
| <b>Optional: Recommendation 12.1</b>   |                      |  |  |
| 1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.            | <b>Compliant</b>     | The Company has set policies on handling of server protection, virus prevention, employee responsibility, and website integrity. |  |
| <b>Recommendation 12.2</b>   |                      |  |  |
| 1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | <b>Non-compliant</b> |  | The Company is still in the process of hiring an internal auditor.                     |
| <b>Recommendation 12.3</b>   |                      |  |  |
| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.   | <b>Non-compliant</b> |  | The Company is likewise in the process of hiring a Chief Audit Executive.              |
| 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.                                     |                      |  |  |

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| 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. | <b>Not applicable</b> |  | The Company does not outsource its internal audit functions.   |
| <b>Recommendation 12.4</b>   |                       |  |  |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures.   | <b>Non-compliant</b>  |  | The Company has yet to appoint a Chief Risk Officer, but intends to meet with the Board to discuss the necessity of the same considering the size and nature of operations of the company. |
| <b>Supplement to Recommendation 12.4</b>   |                       |  |  |
| 1. Company seeks external technical support in risk management when such competence is not available internally.   | <b>Non-compliant</b>  |  |  |
| <b>Recommendation 12.5</b>   |                       |  |  |
| 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).   | <b>Non-compliant</b>  |  | The Company has yet to appoint a Chief Risk Officer  |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.   | <b>Non-compliant</b>  |  | The Company has yet to appoint a Chief Risk Officer  |
| <b>Additional Recommendation to Principle 12</b>   |                       |  |  |
| 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.                 | <b>Non-compliant</b>  |  | The Company is still in the process of setting up an internal audit department, as well as a control and compliance system.  |

| Cultivating a Synergic Relationship with Shareholders  |                  |   |  |
|--|------------------|---|--|
| <b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.                                      |                  |   |  |
| <b>Recommendation 13.1</b>   |                  |   |  |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.  | <b>Compliant</b> | Section 8 of the Revised Corporate Governance Manual provides for the rights of shareholders.   |  |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website.   | <b>Compliant</b> | The Company's website is accessible at the following link:<br><br><div style="border: 1px solid black; padding: 2px; display: inline-block;">http://www.italpinas.com</div> |  |
| <b>Supplement to Recommendation 13.1</b>   |                  |   |  |
| 1. Company's common share has one vote for one share.  | <b>Compliant</b> |   |  |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.   | <b>Compliant</b> | Please refer to Section 8 of the Revised Corporate Governance Manual  |  |
| 3. Board has an effective, secure, and efficient voting system.  | <b>Compliant</b> | Please refer to Section 8 of the Revised Corporate Governance Manual  |  |
| 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. | <b>Compliant</b> | Please refer to Section 8 of the Revised Corporate Governance Manual  |  |
| 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.   | <b>Compliant</b> | While this is allowed, no such instance has occurred to date.   |  |

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| 6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.   | <b>Compliant</b>                              | Please refer to Section 8 of the Revised Corporate Governance Manual  |   |
| 7. Company has a transparent and specific dividend policy.<br>8.   | <b>Compliant</b>                              | The company followed the PSE rules on declaration of dividends and payment thereof from the date of record date.<br><br>The Company has no restrictions that will limit the ability to pay dividends on common equity. But the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company. |   |
| <b>Optional: Recommendation 13.1</b>   |   |   |   |
| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.   | <b>Compliant through alternative practice</b> | The company declared dividends and paid said dividends more than 60 days after said declaration.  | The Law Firm of the Company's Corporate Secretary and the transfer agent, both of whom are external, handles vote validation.   |
| <b>Recommendation 13.2</b>   |   |   |   |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | <b>Non-compliant</b>                          |   | The Company sends notices of meetings at least 15 days prior, which is in accordance with the minimum rules of the SEC and PSE. |
| <b>Supplemental to Recommendation 13.2</b>   |   |   |   |
| 1. Company's Notice of Annual Stockholders' Meeting contains the following information:  | <b>Compliant</b>                              | The Notice of Stockholders Meeting is uploaded to the Company's website at the following link:<br><br><div style="border: 1px solid black; padding: 2px; display: inline-block;">http://www.italpinas.com</div>   |   |

|  |                       |   |  |
|--|-----------------------|---|--|
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)  | <b>Compliant</b>      |   |  |
| b. Auditors seeking appointment/re-appointment   | <b>Compliant</b>      |   |  |
| c. Proxy documents   | <b>Compliant</b>      |   |  |
| <b>Optional: Recommendation 13.2</b>   |                       |   |  |
| 2. Company provides rationale for the agenda items for the annual stockholders meeting   | <b>Not applicable</b> |   | There were no substantial changes in remuneration                              |
| <b>Recommendation 13.3</b>   |                       |   |  |
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | <b>Not applicable</b> |   | No relevant questions were raised during the last annual stockholders meeting. |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.   | <b>Compliant</b>      | The Minutes of the Annual Stockholders Meeting is uploaded to the Company's website at the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> |  |
| <b>Supplement to Recommendation 13.3</b>   |                       |   |  |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.  | <b>Compliant</b>      | The external auditors, counsels and transfer agents are present at the Annual Stockholders Meeting  |  |

| <b>Recommendation 13.4</b>  |                      |   |  |
|---|----------------------|---|--|
| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | <b>Compliant</b>     | While no disputes have arisen to date, the Company intends alternative dispute resolution as the means of resolving intra-corporate issues. |  |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.   | <b>Compliant</b>     | The Revised Corporate Governance Manual provides for alternative dispute resolution under 1.7 thereof.                                      |  |
| <b>Recommendation 13.5</b>  |                      |   |  |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.  | <b>Non-compliant</b> |   | The Company's Investor Relations Officer resigned last June 13, 2021, and no replacement has yet been designated.                            |
| 2. IRO is present at every shareholder's meeting.   | <b>Compliant</b>     | The Company's Investor Relations Officer was present at the last Annual Stockholders Meeting.   |  |
| <b>Supplemental Recommendations to Principle 13</b>   |                      |   |  |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group                    | <b>Compliant</b>     | The Board has not implemented any policy, nor undertaken any action that may be considered as an anti-takeover measure.                     |  |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market.  | <b>Compliant</b>     | As of June 28, 2021, the public float of the Company's stocks is at 42.69%  |  |
| <b>Optional: Principle 13</b>   |                      |   |  |
| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting                                  | <b>Non-compliant</b> |   | While the company does not have written policies on shareholder engagement, it encourages shareholders to be active with the company through |



|  |                      |   |   |
|--|----------------------|---|---|
|  |                      |   | the notices and disclosures it makes public.  |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.   | <b>Compliant</b>     | The Company allows electronic voting in absentia pursuant to Sections 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020. |   |
| <b>Duties to Stakeholders</b>  |                      |   |   |
| <b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. |                      |   |   |
| <b>Recommendation 14.1</b>   |                      |   |   |
| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.  | <b>Non-compliant</b> |   | While there is no written policy on the matter, the company promotes cooperation with its stakeholders.                 |
| <b>Recommendation 14.2</b>   |                      |   |   |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.  | <b>Non-compliant</b> |   | While there is no written policy on the matter, the company promotes fair treatment and protection of its stockholders. |
| <b>Recommendation 14.3</b>   |                      |   |   |
| 1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.   | <b>Non-compliant</b> |   | The Company is drafting a whistle blowing policy for its stockholders.  |
| <b>Supplement to Recommendation 14.3</b>   |                      |   |   |
| 1. Company establishes an alternative dispute resolution system so that conflicts  | <b>Non-compliant</b> |   | While the Company is still drafting a policy on alternative dispute   |

|   |                       |   |  |
|---|-----------------------|---|--|
| and differences with key stakeholders is settled in a fair and expeditious manner.  |                       |   | resolution for stakeholders, it adopts alternative dispute resolution as the means of resolving intra-corporate issues.                                    |
| <b>Additional Recommendations to Principle 14</b>   |                       |   |  |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | <b>Not applicable</b> |   | The Company is working to be fully compliant applicable laws, rules and regulations on corporate governance, and does not intend to seek any exemption.    |
| 2. Company respects intellectual property rights.   | <b>Compliant</b>      | The Company registers all its brand names and marks before the Intellectual Property Office. It recognizes the need to protect intellectual property rights, and complies with the necessary requirements in order to respect others' intellectual property rights. |  |
| <b>Optional: Principle 14</b>   |                       |   |  |
| 1. Company discloses its policies and practices that address customers' welfare   | <b>Non-compliant</b>  |   | Company has not adopted relevant written policies but has adopted best practices when addressing customers' welfare as well as supplier selection process. |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures   |                       |   |  |

**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. | <b>Non-compliant</b> |  | The Company is finalizing its Employee Manual. |
|--|----------------------|--|--|

**Supplement to Recommendation 15.1**

|  |                      |   |   |
|--|----------------------|---|---|
| 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. | <b>Non-compliant</b> |   | The Company's incentive mechanism is applied purely to remuneration. Presently, there are no Employee Stock Ownership Plans.  |
| 2. Company has policies and practices on health, safety and welfare of its employees.  | <b>Compliant</b>     | The Company provides health insurance coverage for all its employees. |   |
| 3. Company has policies and practices on training and development of its employees.  | <b>Non-compliant</b> |   | While there are no written policies on training and employee development, the Company has been willing to defray fees for seminars and other short-term training relevant to the work performed by employees. |

**Recommendation 15.2**

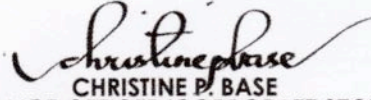
|  |                         |  |   |
|--|-------------------------|--|---|
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. | <b>Partly compliant</b> | A draft Whistle Blowing Policy is accessible at the Company's website using the following link:<br><br><a href="http://www.italpinas.com">http://www.italpinas.com</a> | While there is a draft whistle blowing policy for employees, the same has not yet been approved by the Board. |
|--|-------------------------|--|---|

|  |                         |   |  |
|--|-------------------------|---|--|
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.  |                         |   |  |
| <b>Supplement to Recommendation 15.2</b>   |                         |   |  |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.  | <b>Not applicable</b>   | There has been no such incident to date.  |  |
| <b>Recommendation 15.3</b>   |                         |   |  |
| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation  | <b>Partly compliant</b> | While there is a draft whistle blowing policy for employees, the same has not yet been approved by the Board. Meantime, all concerns on illegal and unethical practices are forwarded to, and handled by Human Resources. |  |
| 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.  |                         |   |  |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework.   |                         |   |  |
| <b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development. |                         |   |  |
| <b>Recommendation 16.1</b>   |                         |   |  |

|   |                                |  |  |
|---|--------------------------------|--|--|
| <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><b>Partly compliant</b></p> | <p>While the Company has no written policy on corporate social responsibility, it undertakes and supports social advancement activities, as seen on its website under the following link:</p> <p style="text-align: center;"><a href="http://www.italpinas.com">http://www.italpinas.com</a></p> |  |
| <p><b>Optional: Principle 16</b></p>  |                                |  |  |
| <p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>  | <p><b>Partly compliant</b></p> | <p>While no written policy has been approved, the Company is required by the relevant government agencies to ensure environmental compliance.</p>  |  |
| <p>2. Company exerts effort to interact positively with the communities in which it operates</p>  | <p><b>Partly compliant</b></p> | <p>While no written policy has been approved, the Company supports community and local government endeavors.</p>   |  |

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the Registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on JUN 30 2021, 2021.

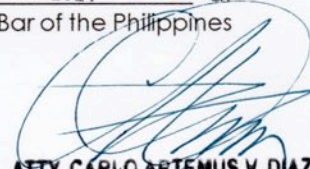
**SIGNATURE**



**CHRISTINE P. BASE**  
COMPLIANCE OFFICER/CORPORATE SECRETARY

**SUBSCRIBED AND SWORN** to before me this JUN 30 2021 at Makati City, Philippines, affiant exhibiting to me her Integrated Bar of the Philippines Lifetime Member ID with No. 08661, Albay Chapter.

Doc No. 95 ;  
Page No. 19 ;  
Book No. XXX  
Series of 2021.



**ATTY. CARLO ARTEMUS V. DIAZ**

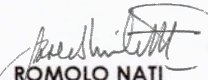
Notary Public for the City of Makati / Appointment No.: M-187  
(Valid Until December 31, 2022)

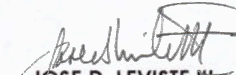
2/F ACT Tower, 136 H.V. Dela Costa St.,  
Salcedo Village, Makati City, 1227

Roll No.: 65662 / IBP Lifetime No.: 014850 / Manila I  
MCLE Compliance No.: VI-0017273 / January 24, 2019  
PTR No.: 8535065 / Makati City / January 5, 2021


Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the Registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on JUN 30 2021 2021.

**SIGNATURES**

For   
**ROMOLO NATI**  
Chairman of the Board

  
**JOSE D. LEVISTE III**  
President

  
**RAFAEL A. DOMINGUEZ**  
Independent Director


  
**JOSE G. ARAULLO**  
Independent Director

**SUBSCRIBED AND SWORN** to before me this            day of JUN 30 2021, 2021 affiants exhibiting to me their respective competent evidence of identity, as follows:

| NAME                | Identification Cards No. |
|---------------------|--------------------------|
| ROMOLO NATI         | TIN: 415-349-516         |
| JOSE D. LEVISTE III | TIN: 302-901-118         |
| RAFAEL A. DOMINGUEZ | TIN: 148-909-263         |
| JOSE G. ARAULLO     | TIN: 109-228-667         |

Doc No. 94  
Page No. 19  
Book No. XXX  
Series of 2021.



  
**ATTY. CARLO ARTEMUS V. DIAZ**  
Notary Public for the City of Makati / Appointment No.: M-187  
(Valid Until December 31, 2022)  
2/F ACT Tower, 136 H.V. Dela Costa St.,  
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