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Receiving: DONNA ENCARNADO

Receipt Date and Time: May 30, 2025 01:37:46 PM

Company Information

SEC Registration No.: 0000030939

Company Name: PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Industry Classification: F45300

Company Type: Stock Corporation

Document Information

Document ID: OST10530202583436378

Document Type: I-ACGR

Document Code: I-ACGR

Period Covered: December 31, 2024

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

- 1. For the fiscal year ended 31 December 2024
- 2. SEC Identification Number 30939. BIR Tax Identification No. 330-058-000
- 4. Exact name of issuer as specified in its charter Philippine National Construction Corporation
- 5. Metro Manila, Philippines
Province, Country or other jurisdiction of
incorporation or organization
- 6. (SEC Use Only)
Industry Classification Code:
- 7. PNCC Complex KM 15 East Service Road, Bicutan, Parañaque City. 1700
Address of principal office Postal Code
- 8. (02) 8846-2655
Issuer's telephone number, including area code
- 9. N/A
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector	COMPLIANT	https://www.pncc.ph/home_our_company_BOD.htm http://www.pncc.ph/LINKS/PDFs/Criteria%20for%20Nomination,%20Election,%20Reelection%20and%20Disqualification%20of%20Directors.pdf	
2. Board has an appropriate mix of competence and expertise	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	The President of the Republic of the Philippines nominates the appointive Directors to represent the stockholdings of the government upon the recommendation of the GCG.	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20Composition%20of%20the%20Board.pdf	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Article 5.1.c of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf	While there is no Board Charter yet, the Corporate Governance Committee Charter provides that the committee shall be responsible for the director's continuing education and management succession plan.

2. Company has an orientation program for first time directors.	COMPLIANT	Articles 5.1.c, 5.1.f.8, 5.2.c.5 of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	Article 5.2.c.5 of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf https://www.pncc.ph/LINKS/PDFs/2024%20Trainings%20Attended%20by%20Directors.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	Article 5.1.d of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	

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.	COMPLIANT	Article 5.1.d of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf Article 5.1.d of the Rev. Manual of Corp. Governance adopts a policy on board diversity. PNCC being a GOCC, the President of the Republic appoints members of the Board upon the recommendation of the GCG.	
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Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#CorpSec https://www.pncc.ph/LINKS/PDFs/Curriculum-Vitae-Dela-Cruz-John-Benedick-R..pdf	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	PNCC's Corporate Secretary is Atty. John Benedick R. Dela Cruz while the Compliance Officer is Atty. Ilie Lionel B. Gramata Refer to appointment of Corporate Secretary https://www.pncc.ph/LINKS/PDFs/2024%20May%2008%20Resignation%20and%20Appointment%20of%20Corporate%20Secretary.pdf	

		Refer to appointment of Compliance Officer https://www.pncc.ph/LINKS/PDFs/2023%2004April%2018%20Appointment%20of%20Compliance%20Officer%20&%20Assistant%20Compliance%20Officer.pdf	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20Composition%20of%20the%20Board.pdf	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/eCertificate_CGOP%20for%20GOCCs_March%209,%202023_John%20Benedick%20R.%20Dela%20Cruz.jpg	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#Access	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Refer to appointment of Compliance Officer https://www.pncc.ph/LINKS/PDFs/2023%2004April%2018%20Appointment%20of%20Compliance%20Officer%20&%20Assistant%20Compliance%20Officer.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	Article 5.1.f of Manual on Corporate Governance details the duties and functions http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
3. Compliance Officer is not a member of the board.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20Composition%20of%20the%20Board.pdf	

4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Certificate of Participation in Corporate Governance Training https://www.pncc.ph/images/IlieGramataCorpGovCertificate.jpg	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Refer to accomplishments of the Board for 2023 https://www.pncc.ph/LINKS/PDFs/2024%20Accomplishment%20of%20Directors.pdf	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board through the Performance Negotiation Agreement (PAN) Committee oversees the development, review and approval of the company's business objectives. PNCC's specific, measurable, achievable, realistic and timely corporate objectives were incorporated in its Performance Scorecard as approved by GCG. https://www.pncc.ph/LINKS/PDFs/2024%20Board%20Reso%20PES%202024%20Approval.pdf	

2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	The Board through the PAN Committee oversees, reviews, and monitors the implementation of the company's business objectives and strategy. Minutes of PAN Committee meeting when accomplishment on strategic measures on Performance Scorecard was presented by Management https://www.pncc.ph/LINKS/PDFs/2024%20PAN%20Committee%20Meeting%20-%20%201Q%20PES%20Monitoring%20Report.pdf#page=2 https://www.pncc.ph/LINKS/PDFs/2024%20PAN%20Committee%20Meeting%20-%20%202Q%20PES%20Monitoring%20Report.pdf#page=4 https://www.pncc.ph/LINKS/PDFs/2024%20PAN%20Committee%20Meeting%20-%20%203Q%20PES%20Monitoring%20Report.pdf https://www.pncc.ph/LINKS/PDFs/2024%20PAN%20Committee%20Meeting%20-%20%204Q%20PES%20Monitoring%20Report.pdf	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	http://www.pncc.ph/home_our_company_mission.htm	

2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/PAN%20Committee%20Charter.pdf As part of the PAN Committee responsibility stated in the PAN Committee Charter: "Assist the Board and Management in the development of an effective strategic planning process and planning calendar to realize the vision and accomplish the mission of PNCC." Periodic meeting of the PAN Committee is being held to monitor the accomplishment of Management to set strategic measures in the GCG approved Performance Scorecard.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The PNCC's Chairman of the Board is Mr. Herculano C. Co, appointed on January 16, 2023.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	NOT APPLICABLE	Board of Directors	There is no succession planning program for directors as the President of the Republic of the Philippines appoints the appointive directors upon recommendation of the GCG.
	NOT APPLICABLE	Key Officers and Management	The implementation of CPCS approved by GCG, the Company is constrained to formulate a policy on succession planning program for its key officers and management.
2. Board adopts a policy on the retirement for directors and key officers.	NOT APPLICABLE	Board of Directors	The company has no policy on the retirement for directors. This is governed by certain EO's.

	COMPLIANT	For Officers The company has a Retirement Plan for all employees including the key officers.	The Governance Commission for GOCCs (GCG) in a letter dated December 18, 2024, the GCG opined that "PNCC's Retirement Plan may be continued to be implemented by the PNCC even after the effectivity of the CPCS."
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company	NOT APPLICABLE		There is no alignment of remuneration of key officers and Board members. EO 24 governs the remunerations of the board members while the CPCS provides a standardized compensation package and index of occupational services, position titles and salary grades for GOCCs in accordance with Sections 8
2. Board adopts a policy specifying the relationship between remuneration and performance.	NOT APPLICABLE		Refer to no. 1 of Recommendation 2.5
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	NOT APPLICABLE		Refer to no. 1 of Recommendation 2.5
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	NOT APPLICABLE		Refer to no. 1 of Recommendation 2.5
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.	NOT APPLICABLE		Refer to no. 1 of Recommendation 2.5
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy	NOT APPLICABLE		While there is no board nomination and election policy, being a GOCC, the GCG makes a shortlist of the nominees for members of the appointive directors to represent the shareholdings of the government to be nominated by the President of the Philippines.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.			
3. Board nomination and election policy includes how the company accepted			

nominations from minority shareholders. 4. Board nomination and election policy includes how the board shortlists candidates. 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.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	NOT APPLICABLE		The President of the Philippines appoints the directors upon the recommendation of the GCG.
Optional: Recommendation to 2.6			
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.	NOT APPLICABLE		The Company does not use 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. Refer to comments above.
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Company's policies and procedures for review approval or ratification, monitoring and recording of RPT between among its parent, joint ventures, subsidiaries, associates, affiliates, etc. is detailed in Related Party Transactions http://www.pncc.ph/LINKS/PDFs/Policy-on-Related-Party-Transactions.pdf	
Supplement to Recommendation 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and	COMPLIANT	Company's policies and procedures for review approval or ratification,	

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.		monitoring and recording of RPT between among its parent, joint ventures, subsidiaries, associates, affiliates, etc. is detailed in Related Party Transactions http://www.pncc.ph/LINKS/PDFs/Policy-on-Related-Party-Transactions.pdf	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	NOT COMPLIANT	There was a scheduled stockholders' meeting in 2024, however, due to lack of quorum, majority of non-related party shareholders did not approve specific types of related party transactions.	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Section 6.01 of PNCC's By-Laws http://www.pncc.ph/LINKS/PDFs/PNC%20By-Laws.pdf	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Result of internal assessment of the performance of Management. https://www.pncc.ph/LINKS/PDFs/2024%20Directors%20Performance%20Appraisal%20Report.pdf	The Board utilizing the GCG's IPED (Internet-based Performance Evaluation of Directors) assessed the performance of the President being an Executive Director of the Company. Aside from the GCG's IPED, there was an internal appraisal done.
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		The Board approved the QMS where there's a procedure in monitoring the performance of Management including Objectives and Targets, Management Review.

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
3. Board approves the Internal Audit Charter.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT		There is a Risk and Opportunities procedure Management Procedure to effectively identify, monitor, assess and manage key business risks.
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT		The President and CEO being the Quality Management Representative of the Quality Management System reports to the Board in regard the key business risks.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	NON-COMPLIANT		There is no Board Charter. However, the Board is governed by its By-Laws, the Rev. Manual of Corp. Governance and GCG Manual of Corp Governance for GOCCs and the Rev. Corporation Code.
2. Board Charter serves as a guide to the directors in the performance of their functions.			
3. Board Charter is publicly available and posted on the company's website.			
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	NON-COMPLIANT		There is no insider trading policy.

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.	NOT APPLICABLE		There is no 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. However, as GOCC, the company is not allowed to grant loans to directors.
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	All decisions of the Board which considered to be material information to its stakeholders are disclosed to the PSE and SEC. https://www.pncc.ph/SEC_Filings_Current_2024.htm Moreover, all decisions of the Board are disclosed in the company's website as Accomplishment of the Board https://www.pncc.ph/LINKS/PDFs/2024%20Accomplishment%20of%20Directors.pdf	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	http://www.pncc.ph/cg_board_committees.htm	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit	COMPLIANT	http://www.pncc.ph/cg_board_committees.htm	

processes, and compliance with applicable laws and regulations.			
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	NON-COMPLIANT		The Chairman and majority of the audit committee are not independent Directors. There are no independent directors.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm#Mercado http://www.pncc.ph/home_our_company_BOD.htm#Avancena https://www.pncc.ph/LINKS/PDFs/Resume_Herculano-C.-Co-jr..pdf https://www.pncc.ph/LINKS/PDFs/Resume_Mariano-Jesus-S.-Averia.pdf https://www.pncc.ph/LINKS/PDFs/Resume_Alex-Limuaco-Sembrano.pdf https://www.pncc.ph/LINKS/PDFs/Resume_Oscar-T.-Zaldivar.pdf	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm#Mercado	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	There is a meeting of the Audit Committee with COA on December 4, 2024, without anyone from Management. https://www.pncc.ph/LINKS/PDFs/2024%20AUDIT%20COMMITTEE%20W-O%20MANAGEMENT%20REP%20MINUTES%20120424.pdf	

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	The Audit Committee has 9 meetings in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Audit%20Committee%20Attendance.pdf	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Article 5.3.b.12 of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf#page=19	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	Article 5.3.C of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf#page=19 http://www.pncc.ph/cg_board_committees.htm	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	NON-COMPLIANT	http://www.pncc.ph/cg_board_committees.htm	There are no independent directors.
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		The Chairman is not an independent director.
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	The Corporate Governance Committee has 12 meetings in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Corporate%20Governance%20Committee%20Attendance.pdf	
Recommendation 3.4			
1. Board establishes a separate Board Risk	COMPLIANT		There is no separate BROCC. However, the

Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.			Audit Committee performs the functions of the BROC (par. 5.3.b.13, Rev. Manual of Corp. Governance 2017).
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	NOT APPLICABLE		There are no independent directors in the Company.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT		There is no separate BROC. However, The Audit Committee performs the functions of the BROC (par. 5.3.b.13, Rev. Manual of Corp. Governance 2017. The Chairman of the Audit Committee is not the Chairman of the Board.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT		All members of the Audit Committee were in-charge of the enterprise risk management have relevant knowledge and experience on risk and risk management.
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	Corporate Governance Charter http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf	There is no separate Related Party Transactions (RPT) Committee. However, the Corporate Governance Committee performs the functions of Related Party Transactions (RPT) Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	NON COMPLIANT		There are no independent directors elected.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Audit Committee Charter http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	

		Finance Committee Charter http://www.pncc.ph/LINKS/PDFs/Finance%20Committee%20Charter.pdf Corporate Governance Charter http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf PAN Committee Charter http://www.pncc.ph/LINKS/PDFs/PAN%20Committee%20Charter.pdf Business Development Committee Charter http://www.pncc.ph/LINKS/PDFs/Business%20Eco%20Dev%20Com%20Charter.pdf Legal and Compliance Committee Charter http://www.pncc.ph/LINKS/PDFs/Legal%20Committee%20Charter.pdf	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Refer to Committee Evaluation Report for 2024 https://www.pncc.ph/LINKS/PDFs/2024%20Directors%20Performance%20Appraisal%20Report.pdf	The Board established criteria for evaluating the performance of the Committees
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Refer to No. 1 of Recommendation 3.6	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing	COMPLIANT	<u>Board</u> The Board has an average of 99.62% attendance in board meetings.	The Director who joined via video conferencing is asked to state his location, the device he is using for the videoconference, that he can clearly see

conducted in accordance with the rules and regulations of the Commission.		https://www.pncc.ph/LINKS/TRANSPARENCY%20SEAL/2024%20Attendance%20of%20Directors.pdf	and hear his fellow directors and that he received the Agenda and materials within the threshold period all in compliance with SEC Memorandum Circular 6-2020
	COMPLIANT	<u>Committees</u> Audit Committee has an average of 100% attendance in its meetings in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Audit%20Committee%20Attendance.pdf Finance Committee has a 100% attendance in its meeting in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Finance%20Committee%20Attendance.pdf Corporate Governance Committee has a 100% attendance in its meetings in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Corporate%20Governance%20Committee%20Attendance.pdf PAN Committee has a 98.41% attendance in its meetings in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20PAN%20Committee%20Attendance.pdf Legal and Compliance Committee has 100% attendance in its meetings	

		in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Legal%20&%20Compliance%20Committee%20Attendance.pdf Business Development Committee has 100% attendance in its meetings in 2024. https://www.pncc.ph/LINKS/PDFs/2024%20Business%20Development%20Committee%20Attendance.pdf	
	COMPLIANT	<u>Shareholders</u>	There is was an annual stockholders meeting held in 2024, however, due to lack of quorum, no business has been transacted and no decision has made.
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#Access	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT		
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/Directorship%20in%20other%20GOCCs%20and%20PLCs.pdf	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT		

Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	The company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#Schedules	
3. Board of directors meet at least six times during the year.	COMPLIANT	The Board has 24 meetings in 2024. https://www.pncc.ph/LINKS/TRANSPARENCY%20SEAL/2024%20Attendance%20of%20Directors.pdf	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NOT APPLICABLE		Sec.5.07.QUORUM -A majority of the Directors shall constitute a quorum xxx.(By-Laws)

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

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	NON-COMPLIANT		There are no independent directors
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	NOT APPLICABLE		There are no independent directors
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT		There are no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.
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Recommendation 5.3

1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	NOT APPLICABLE		There are no independent directors. However, this is provided in Section 5.5. Rev. Manual of Corp. Governance 2017.
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2. The company bars an independent director from serving in such capacity after the term limit of nine years.	NOT APPLICABLE		There are no independent directors
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.	NOT APPLICABLE		There are no independent directors
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The Chairman of the Board is Herculano C. Co, Jr. while the President and Chief Executive Officer is Atty. Miguel E. Umali https://www.pncc.ph/home_our_company_BOD.htm	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Roles%20and%20Deliberables%20of%20Chairman%20&%20President.pdf	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	NOT APPLICABLE		There are no independent directors.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT		There is no transaction with a director with material interest affecting the corporation.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT		The non-executive directors (NEDs) have a separate meeting with COA and heads of the internal audit, compliance and risk functions, without any executive present.
2. The meetings are chaired by the lead independent director.	NOT APPLICABLE		There is no independent director.

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT		
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	The Board assesses its performance as a whole through the GCG's Corporate Governance Scorecard Report.	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#Appraisal	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
		Aside from the GCG's assessment, the Board assessed its performance through the company's appraisal https://www.pncc.ph/LINKS/PDFs/2024%20Directors%20Performance%20Appraisal%20Report.pdf	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	The GCG serves as the external facilitator in assessing the annual performance of the Board through its internet-based Performance Evaluation for Directors. http://www.pncc.ph/cg_seal.htm#Appraisal	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#Appraisal	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	http://www.pncc.ph/contact_us.htm	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT		
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT		
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	The Code of Business Conduct and Ethics is applicable to Board and officers and employees.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.			There is an internal auditor appointed for proper and efficient implementation and monitoring of compliance with company internal policies.
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other	NON-COMPLIANT		There is no Policy on Corporate Disclosures. However, the company discloses timely and material reports to the SEC and PSE.

stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.			
Supplement to Recommendations 8.1			
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.	COMPLIANT	http://www.pncc.ph/transparency.htm	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	http://www.pncc.ph/cg_erm.htm	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	NON-COMPLIANT		There is no policy requiring directors or officers to disclose/report to the company any dealings in the company's shares. However, there are no deals by directors or officers in the company's shares.
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.			
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share	COMPLIANT		There was no trading of corporation shares as it was suspended by the PSE. There are no trades of the corporation's shares by directors and officers.

buy-back program).			
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm	
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.	COMPLIANT	http://www.pncc.ph/home_our_company_MANCOM.htm	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Remuneration%20Policy%20and%20Structure%20for%20Executive%20and%20Non.pdf	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NON-COMPLIANT		The Disclosure Policy of the company is a work in progress.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm#RPT www.pncc.ph/LINKS/PDFs/Policy-on-Related-Party-Transactions.pdf	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm#RPT	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm#RPT	

conflict of interests.			
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm#RPT	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	The company is bound by PSE and SEC rules on disclosures. All material fact or event that occurred were disclosed in the company website: https://www.pncc.ph/SEC_Filings_Current_2024.htm	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT		The Board appoints independent appraisers to evaluate the fairness of the transaction price on disposal of assets. A management Bids and Awards Committee (BAC) is also appointed to process company transactions in accordance with pertinent laws, rules and regulations.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT		There is no such agreement.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
2. Company's MCG is submitted to the SEC			

and PSE.			
3. Company's MCG is posted on its company website.			
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	The Revised Manual of Corporate Governance 2017 was filed with the SEC and PSE on 31 May 2017.
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	http://www.pncc.ph/SEC_Filings_Annual_Report.htm	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of <u>each</u> member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	http://www.pncc.ph/SEC_Filings_Annual_Report.htm	
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.			

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).			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf par. 5.3.b.12, Rev. Manual of Corp Governance 2017 http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT		There is nothing to report.
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	NOT APPLICABLE		COA is the statutory auditor of PNCC being a GOCC, thus it is responsible for rotating the lead auditor.

Supplement to Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT		There are no non-audit services performed by COA.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf par. 5.3.b.7 Rev. Manual of Corp. Governance 2017	There are no non-audit services performed by COA.

Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT		There are no non-audit services performed by COA.
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	NOT APPLICABLE	Being a GOCC, COA is the company's statutory Auditor. In its letter, COA informed that it cannot be subject to the SEC-OGA SOAR Inspection Program as COA is not a private auditing firm which needs such accreditation.	
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).			
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	NON-COMPLIANT		There is no Disclosure Policy.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT		The company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	Page 19 OF FOI MANUAL http://www.pncc.ph/LINKS/PDFs/PNC%20FOI%20Manual.pdf#page=19#page=19	There are no public, material and relevant information to its shareholders and other investors for dissemination to require such media and analysts' briefing.
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	www.pncc.ph	

a. Financial statements/reports (latest quarterly)	COMPLIANT	https://www.pncc.ph/SEC_Filings_Q_2024.htm	
b. Materials provided in briefings to analysts and media	COMPLIANT	https://www.pncc.ph/SEC_Filings_Curent_2024.htm	
c. Downloadable annual report	NON-COMPLIANT		No Audited Financial Statements yet as the COA audit is on-going for FY 2024
d. Notice of ASM and/or SSM	COMPLIANT	https://www.pncc.ph/SEC_Filings_Curent_2024.htm	
e. Minutes of ASM and/or SSM	COMPLIANT	https://www.pncc.ph/SEC_Filings_MO_ASM_2020.htm	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Amended%20Articles%20of%20Incorporation%2021November2016.pdf	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	www.pncc.ph	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	http://www.pncc.ph/cg_erm.htm	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	http://www.pncc.ph/cg_erm.htm Key risks the company is currently facing and how the company manages the key risks https://www.pncc.ph/LINKS/PDFs/2024%20Risks.pdf	The Company implements Risks and Opportunities Management Procedure thru its Quality Management System.
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes	NON-COMPLIANT		There is no formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed which includes appropriate

appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.			training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20Risks.pdf	The Risk and Opportunities Register of the MIS Department has been established to address IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	http://www.pncc.ph/cg_erm.htm	An Internal Quality Audit Team has been appointed in-charge of assessing the effectiveness of the Company's quality management system and overall performance in regard to compliance with planned arrangement.
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT		Financial audit is being handled by the COA audit team while the process audit is being handled by the Lead Internal Quality Auditor who leads the Internal Quality Audit Team.
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.			
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT		There is no internal audit activity outsourced by the corporation.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT		There is no separate risk management function set up by the company. The Internal Quality Audit Team performs such functions.
Supplement to Recommendation 12.4			
1. Company seeks external technical	NOT		There is no need for external technical

support in risk management when such competence is not available internally.	APPLICABLE		support in risk management.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT		In lieu of Chief Risk Officer (CRO), the Lead internal Quality Auditor performs such function.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.			
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT		
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Article 8 of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Section 4.05 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNC%20By-Laws.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Seventh Article of the Amended Articles of Incorporation http://www.pncc.ph/LINKS/PDFs/Amended%20Articles%20of%20Incorporati	

		on%2021November2016.pdf	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	COMPLIANT	Section 4.05 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNC%20By-Laws.pdf	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Section 4.02 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNC%20By-Laws.pdf	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
7. Company has a transparent and specific dividend policy.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT		There was an ASM in 2024. The COA and Stock Transfer Agent representative performs such functions.
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT		The 2024
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	The notice of meeting sent out to stockholders contained the following information: a. Profile of directors b. Information on Auditors c. Proxy document https://www.pncc.ph/LINKS/PDFs/202	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)			
b. Auditors seeking appointment/re-			

appointment		4%20PNCC 20-IS-Amended-Definitive-for-ASM-21-November-2024.pdf	
c. Proxy documents			
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20PNCC 20-IS-Amended-Definitive-for-ASM-21-November-2024.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20PNCC 20-IS-Amended-Definitive-for-ASM-21-November-2024.pdf	
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.			
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20PNCC 20-IS-Amended-Definitive-for-ASM-21-November-2024.pdf	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT		
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	http://www.pncc.ph/ir_investor_relations_program.htm	
2. IRO is present at every shareholder's meeting.	COMPLIANT		The President/CEO is the IRO.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or	NON-		There is no anti-takeover measures or

similar devices that may entrench ineffective management or the existing controlling shareholder group.	COMPLIANT		similar devices.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT		As of December 31, 2024, the total number of shares owned by the public is 22,902,172 or 13.12%
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT		Shareholders can engage with the company beyond ASM thru Citizen's Charter, FOI procedures, company's website and social media account of the company
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT		There is no electronic voting in absentia at the ASM.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/RELEVANT-INTERESTED-PARTIES.pdf	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	http://www.pncc.ph/contact_us.htm	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is	COMPLIANT	The company adopts RA 9285 in resolving conflicts and differences with key stakeholders.	

settled in a fair and expeditious manner.			
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT		
2. Company respects intellectual property rights.	COMPLIANT		
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	www.pncc.ph/cg_csr.htm	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	The company adopts Section 49.2 of the IRR of RA 9184 in selection of suppliers/contractors	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	The Board approved and adopted the Quality Management System (QMS) in its pursuit of ISO certification.	
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.	NOT APPLICABLE		There is no reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	http://www.pncc.ph/cg_seal.htm#Mechanism	

Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	https://www.pncc.ph/LINKS/PDFs/2024%20Performance%20Enhancing%20Mechanism%20for%20Employee%20Participation.pdf	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/WHISTLEBLOWING-POLICY.pdf	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/WHISTLEBLOWING-POLICY.pdf	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/WHISTLEBLOWING-POLICY.pdf	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the	COMPLIANT	http://www.pncc.ph/cg_csr.htm	

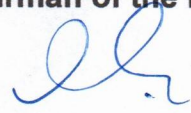
advancement of the society where it operates.			
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development.	COMPLIANT	http://www.pncc.ph/cg_csr.htm	
2. Company exerts effort to interact positively with the communities in which it operates			

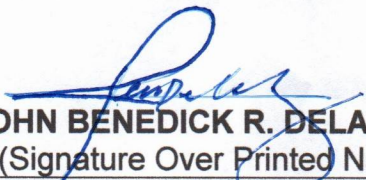
Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Reports is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Paranaque on 26 May 2025.

SIGNATURES


HERCULANO C. CO, JR.
(Signature Over Printed Name)
Chairman of the Board


MIGUEL E. UMALI
(Signature Over Printed Name)
President / Chief Executive Officer


ILIE LIONEL B. GRAMATA
(Signature Over Printed Name)
Compliance Officer


JOHN BENEDICK R. DELA CRUZ
(Signature Over Printed Name)
Corporate Secretary

The Annual Stockholders Meeting held in 2024 had no quorum thus no Independent Director had been elected.

27 MAY 2025

SUBSCRIBED AND SWORN to before me this _____, affiant(s) exhibiting to me their government issued ID, as follows:

NAME	GOVT ID NO	DATE EXPIRATION	PLACE OF ISSUE
HERCULANO C. CO, JR.	DL N0777014601	11/29/2032	PASIG
MIGUEL E. UMALI	DL N0489117970	09/29/2033	QUEZON CITY
ILIE LIONEL B. GRAMATA	DL N0195181680	02/21/2034	QUEZON CITY
JOHN BENEDICK R. DELA CRUZ	DL N0112015284	03/18/2033	LAS PIÑAS

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Series of 2025

ATTY. JOSE MARI ANGELO A. DIONIO, CPA
Notary Public for Paranaque City
1st Floor, No. 64 Doña Soledad Avenue,
Barangay Don Bosco, Paranaque City
Not. Com. No. 264-2025, Until December 31, 2026
Lifetime Member No. 015111; 06/13/2016; Pasig City
PTR No. 3739832; 01/02/2025; Paranaque City
Roll No. 66641
MCLE No. VIII-0032290; 04/14/2028