



T-O INSURANCE BROKERS, INC.

PHINMA PLAZA, 39 Plaza Drive, Rockwell Center, Makati City 1200
Tel No.: 870-0100 ; Fax No.: 870-0378
E-mail: t-o@phinma.com.ph

May 18, 2021

Insurance Commission
1071 United Nations Avenue
Manila



Attention: **Atty. Dennis B. Funa**
Insurance Commissioner

Subject: **Circular Letter No. 2020-71: Revised Code of Corporate Governance For Insurance Commission Regulated Companies**


Gentlemen:

In compliance with the requirements of the above circular, we hereby submit the attached Corporate Governance Manual of T-O Insurance Brokers, Inc.

We hope you find the attached documents in order.

Thank you very much.

Sincerely yours,


JOHN J. JALBUENA
Soliciting Official



T-O INSURANCE BROKERS, INC.

PHINMA PLAZA, 39 Plaza Drive, Rockwell Center, Makati City 1200
Tel No.: 870-0100 ; Fax No.: 870-0378
E-mail: t-o@phinma.com.ph

MANUAL ON GOOD CORPORATE GOVERNANCE T-O INSURANCE BROKERS, INC.

We, the Board of Directors and Management, i. e. officers and staff, of *T-O INSURANCE BROKERS, INC.* (the "Corporation") hereby commit ourselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1 OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent position with adequate stature and authority in the Company. The Compliance Officer should not be a member of the Board and shall have reporting responsibilities to the Chairman of the Board in accordance with the procedure duly approved by the Board and is primarily liable to the corporation and its shareholders.

2.1.2. The Compliance Officer shall perform the following duties:

- a) Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- b) Monitors, reviews, evaluate and ensures the compliance by the corporation, its officers and directors with the relevant laws, the code of corporate governance, rules and regulations and all governance issuances of regulatory agencies;

- c) Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d) Ensures the integrity and accuracy of all documentary submissions to regulators;
- e) Appears before the Insurance Commission when summoned in relation to compliance with the Code of Corporate Governance;
- f) Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g) Identifies possible areas of compliance issues and works towards the resolution of the same;
- h) Attends a training on corporate governance on an annual basis;
- i) Ensures the attendance of board members and key officers to relevant trainings; and
- j) Performs such other duties and responsibilities as may be provided by the Insurance Commission.

2.2. Plan of Compliance

2.2.1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector and the majority should be non-executive directors. The positions of Chairman of the Board and Chief Executive Officer should be held by separate individuals and each should have clearly defined responsibilities.

The Board should be composed of at least twenty percent (20%) independent directors.

2.2.1.1. General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

2.2.1.2. Duties and Responsibilities of the Board

To ensure a high standard of best practice for the Corporation and its stakeholders, the Board shall:

- a) Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders;
- b) Oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength;
- c) Have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.
- d) Adopt and ensure the implementation of a Code of Business Conduct and Ethics including a whistle-blowing program, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees.
- e) Ensure diversity in the composition of the board that considers age, ethnicity, culture, skills and competence to ensure that optimal decision-making is achieved.
- f) Be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and to promote dynamism in the Company;
- g) Adopt a policy specifying the relationship between remuneration and performance of key officers and board members which should be aligned with the long-term interests of the company. Further, no director should participate in discussions or deliberations involving his own remuneration.
- h) Have and disclose in its Manual on Corporate Governance a formal and transparent board nomination and election policy including the monitoring of the qualifications of the directors and grounds for disqualification.

- i) Have the overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions
- j) Be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions including the Chief Compliance Officer and the parent company's Chief Risk Officer and Chief Audit Executive.
- k) Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer and personnel's performance is at par with the standards set by the Board and Senior Management.
- l) Oversee that the parent company's internal control system is adopted to manage potential conflicts of interest of Management, board members, and shareholders.
- m) Oversee that the parent company's enterprise risk management (ERM) framework is adopted to effectively identify, monitor, assess and manage key business risks.
- n) Oversee the implementation of a corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments.
- o) Ensure compliance with and proper observance of corporate governance principles and practices, including the annual performance evaluation of the Board, its committees and individual directors as it deems necessary; annual training for directors, succession planning program, corporate disclosure procedures including board nomination and election process.
- p) Identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability by providing a mechanism for their fair treatment and protection and adopting a process that allow stakeholders to communicate and to obtain redress for the violation of their rights.
- q) Establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

2.2.1.3 Duties and Responsibilities of the Chairman of the Board

The Board shall be headed by a competent and qualified Chairperson, with the following roles and responsibilities:

- a) Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that significantly affect operations;
- b) Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- c) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e) Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f) Makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on.

2.2.1.4 Duties and Responsibilities of the Chief Executive Officer (CEO)

The CEO has the following roles and responsibilities, among others:

- a) Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b) Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c) Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
- d) Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;

- e) Directs, evaluates and guides the work of the key officers of the corporation;
- f) Manages the corporation's resources prudently and ensures a proper balance of the same;
- g) Provides the Board with timely information and interfaces between the Board and the employees;
- h) Builds the corporate culture and motivates the employees of the corporation; and
- i) Serves as the link between internal operations and external stakeholders.

2.2.1.5. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- a) To exercise that degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Corporation;
- b) To devote time and attention necessary to properly discharge his duties and responsibilities;
- c) To act judiciously;
- d) To exercise independent judgment;
- e) To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Insurance Commission, and where applicable, the requirements of other regulatory agencies;
- f) To observe confidentiality;
- g) To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment;
- h) To fully disclose all relevant and material information to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment;

- i) To conduct business transactions with the Corporation, if any, in a manner that is fair and ensures that personal interest does not bias Board decisions;
- j) To abstain from taking part in the deliberations of transactions where he/she has a material interest;
- k) To notify the Board, through the Corporate Secretary, before accepting a directorship in another company;
- l) To observe a low indicative limit as director in Insurance Commission Regulated Entities and Publicly Listed Companies to ensure that they have sufficient time to fully prepare for meetings, challenge the Management's proposals/views, and oversee the long-term strategy of the Company. Any optimum number of directorships shall be related to the capacity of a director to perform his duties diligently; and
- m) As deemed necessary, non-executive directors (NED) may have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company.

2.2.1.6. Qualifications and Disqualifications

The following are the grounds for disqualification of a director:

2.2.1.6.1 Permanent Disqualifications

- a) Persons who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft;
- b) Persons who have been convicted by final judgment of the court for violation of insurance laws;
- c) Persons who have been judicially declared insolvent, spendthrift or unable to enter into a contract; or
- d) Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

2.2.1.6.2 Temporary Disqualifications

- a) Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. The disqualification shall be in effect as long as the refusal persists;
- b) Directors who have been absent in more than fifty percent (50%) of all meetings, both regular and special of the Board of Directors during their incumbency, except in justifiable causes, such as, illness, death in the immediate family and serious accidents. This disqualification applies for purposes of the succeeding elections;
- c) Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet been final and executor;
- d) Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
- e) Directors disqualified for failure to observe/dischARGE their duties and responsibilities prescribed under existing regulations;
- f) Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned has attended such seminar;
- g) Persons dismissed/terminated from employment for cause;
- h) Those under preventive suspension;
- i) Persons with derogatory records with the NBI, court of police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of this instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance director;
- j) Persons who are delinquent in payment of their obligation as defined hereunder:
 - Delinquency in the payment of obligation means that obligations of a person with the insurance company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts; and
 - Obligations shall include borrowings from an insurance company or its related companies obtained by:

- i. A director or officer for his own account or as the representative or agent of others where he/she acts as a guarantor, endorser or surety for loans from such institutions;
- ii. The spouse or child under the parental authority of the director or officer;
- iii. Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officers;
- iv. A partnership of which a director or officer, or his/her spouse is the managing partner or general partner owning a controlling interest in the partnership; and
- v. A corporation, association or firm wholly owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items i, ii and iv.

The disqualification should be in effect as long as the delinquency persists.

2.2.1.6.3 Independent Directors

The Board shall observe an optimum number of years of term for its independent directors, taking into consideration that it continually gets the benefit of independent views and perspectives.

The Board should ensure that its independent directors possess the following qualifications and none of the disqualifications for an independent director to hold position:

- i. Is not or was not a regular director, officer or employee of the covered entity, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;
- ii. Is not or was not a regular director, officer or employee of the covered entity's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- iii. Is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the covered entity, or in any of its related companies or of its majority corporate shareholders;
- iv. Is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the covered entity or any of its related companies or of any of its substantial stockholders;

- v. Is not acting as nominee or representative of any director or substantial shareholder of the covered entity, any of its related companies or any of its substantial shareholders;
- vi. Is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the covered entity, any of its related companies or any substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
- vii. Is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- viii. Was not appointed in the covered entity, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of his duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
- ix. Is not affiliated with any non-profit organization that receives significant funding from the covered entity or any of its related companies or substantial shareholders; and
- x. Is not employed as an executive officer of another company where any of the covered entity's executives serve as regular directors.

Related company refers to (a) the covered entity's holding/parent company; (b) its subsidiary or affiliate; (c) subsidiaries of its holding/parent company; or (d) a corporation where covered entity or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholders is a partner.

2.2.2. Board Committees

The Board shall constitute standing committees which shall directly report to the Board in accordance with procedures duly approved by the Board. All established committees shall have a Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting processes,

resources and other relevant information.

2.2.2.1. Audit Committee

The Board should establish 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. The audit committee shall be composed of at least three (3) appropriately qualified non-executive members of the Board, the majority of whom, including the Chairman, should be independent. Each member shall have at least adequate understanding of the Corporation's financial management systems and environment.

Due to the company's size, risk and business operations, the functions of the Risk Oversight Committee and Related Party Transactions Committee shall be fulfilled by the Audit Committee.

2.2.2.1.1 Duties and Responsibilities of the Audit Committee

- a) Recommends the utilization of the parent company's Internal Audit (IA) Department including its Charter and reviews audit plans specific to the Company;
- b) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of the Company's financial data, and (c) ensure compliance with applicable laws and regulations;
- c) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- d) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with duties as an External Auditor or may pose threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

- e) Reviews and approves the Interim and Audited Financial Statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices
 - ii. Areas where a significant amount of judgment has been exercised
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements
- f) Reviews the disposition of the recommendations in the External Auditor's management letter;
- g) Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- h) Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- i) Assess the integrity and independence of External Auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- j) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the matter by which the financial statements should be prepared and presented to the stockholders.

2.2.2.1.2 Duties and Responsibilities on Related Party Transactions

- a) Evaluate on an ongoing basis existing relationships between and among businesses and counterparties to ensure that all related parties are continuously identified, RPT's are monitored and subsequent changes in relationships with counterparties (from non-related to related and vice-versa) are captured. Related parties, RPT's and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- b) Evaluates all material RPT's to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar

circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

- c) In evaluating RPT's, the Committee takes into account, among others the following:
 - i. The related party's relationship to the Company and interest in the transaction;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to the Company of the proposed RPT;
 - iv. The availability of other sources of comparable products and services; and
 - v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- d) Ensures the appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures and policies on conflict of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- e) Reports to the Board of Directors on a regular basis the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- f) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- g) Oversees the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPT's, including a periodic review of RPT policies and procedures.

2.3. The Corporate Secretary

The Corporate Secretary is an officer of the Corporation but should not be a member of the Board and must faithfully perform the duties of the office to the best of his ability. Likewise, his loyalty to the mission,

vision and specific business objectives of the corporate entity comes with his duties.

The Corporate Secretary shall be a Filipino citizen.

Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

2.3.1 Duties and Responsibilities of the Corporate Secretary

- a. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- b. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- c. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- d. Advises on the establishment of board committees and their terms of reference;
- e. Informs members of the Board, in accordance with the by- laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- f. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- g. Performs required administrative functions;
- h. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;
- i. Should annually attend a training on corporate governance; and
- j. Performs such other duties and responsibilities as may be provided by the Insurance Commission.

2.4. External Auditor

- 2.4.1. The external auditor, through his designated role and responsibility, shall contribute to the enablement of good corporate governance as reflected in the financial records and reports of the Corporation. The external auditor shall undertake an independent audit which provides reasonable and objective assurance on the way the Corporation's financial statements have been prepared and presented. The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee duly endorsed by the Board of Directors. The external auditor shall be required to stipulate his duties and responsibilities to the Corporation.
- 2.4.2. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported to the regulators and posted in the Company's website.
- 2.4.3. The external auditor of the Corporation shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
- 2.4.4. The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

2.5. Internal Auditor

2.5.1 The Corporation shall adopt its parent company's independent Internal Audit through which its Board, senior management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

2.5.2 The Audit Committee may require the Internal Auditor to periodically report to such Committee as may be necessary.

2.5.3 The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

2.5.4 The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

3 COMMUNICATION PROCESS

- 3.1. The Compliance Officer shall ensure a thorough dissemination of this Manual to all directors, officers, employees and related third parties, and shall enjoin compliance in the process.
- 3.2. The Company should have a website to ensure a comprehensive, cost efficient, transparent and timely manner of disseminating relevant information to the public. The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website.

4 TRAINING PROCESS

- 4.1. If necessary, funds shall be allocated by the Board, upon recommendation of the CFO or its equivalent officer for the purposes of conducting an orientation program or workshop to operationalize this Manual.
- 4.2. All directors shall be properly oriented upon joining the Board to ensure that they are properly apprised of their duties and responsibilities. Orientation program for first time directors shall cover IC-mandated topics on corporate governance and an introduction to the Company's business, Articles of Incorporation and Code of Conduct.
- 4.3. All directors shall be required to attend annual continuing training program on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy.

IC-mandated topics on corporate governance include the following:

- Code of Corporate Governance for IC Regulated Companies;
- ACGS and IC Annual Corporate Governance Report;
- Board Responsibilities;
- Illegal activities of corporations/ directors/officers;
- Protection of minority shareholders;
- Liabilities of directors;
- Confidentialities;
- Conflict of interest;
- Related Party Transactions;
- Enterprise Risk management; and
- Case studies and Financial Reporting and Audit

5 MONITORING AND ASSESSMENT

- 5.1 Each Committee shall report regularly to the Board of Directors.
- 5.2 This Manual shall be subject to periodic review by the Board.
- 5.3 All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

6 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- 6.1 To strictly observe and implement the provisions of this Manual, the Board of Directors may impose the penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.
- 6.2 The commission of a grave violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Amendments and Approval:

Approved by the Board of Directors on March 26, 2021 to substantially adopt the IC Circular 72 S.2019 Code of Corporate Governance for Insurance Commission Regulated Entities issued on June 13, 2020.



ROBERTO M. LAVIÑA
Chairman of the Board



NANETTE P. VILLALOBOS
Compliance Officer