



T-O INSURANCE BROKERS, INC.

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T-O INSURANCE BROKERS, INC.

VISION

We are T-O Insurance Brokers, Inc. We make lives better through the efficient management of insurance programs suited to clients' specific needs.

MISSION

To ensure the protection of business owner's investments through efficient management of insurance programs.

To provide tailor-fit and competitively priced insurance programs suited to the needs of our various clients.

To provide risk advisory services aimed at preserving shareholder value.

To deliver efficient management of claims for the client's benefit.

CHARTER OF THE BOARD OF DIRECTORS

Section 1: INTRODUCTION

The Board of Directors of **T-O INSURANCE BROKERS, INC.** (the "Company") is the governing body of the Company nominated and elected by the stockholders and mandated by law to exclusively exercise the powers of the corporation, conduct all its business and control its properties. The Board is the ultimate authority in the Company in matters of governance and in managing the corporate business. The Board, acting as a Board, has full power and authority to manage the business of the Company and to exercise their best business judgment consistent with the fiduciary duties of the Board and its members.

This Charter of the Board of T-O Insurance Brokers, Inc. formalizes and clearly states its roles, responsibilities and accountabilities in carrying out the fiduciary duties of the Board. This Charter is adopted to serve as a guide to the directors in the performance of their functions as such.

This Charter supplements and complements, and does not supersede, the Company's Articles of Incorporation and By-Laws, the Revised Corporation Code of the Philippines, and relevant rules, regulations, and policies promulgated by competent government authority, among them the Code of Corporate Governance for Insurance Commission Regulated Entities (ICREs) and relevant

circulars issued by the Securities and Exchange Commission (“SEC”), Insurance Commission and other regulatory agencies.

Section 2: COMPOSITION OF THE BOARD OF DIRECTORS

2.1. Number of Directors

The Board shall be composed of eight (8) members and shall have at least two (2) independent directors, or such number as to constitute at least twenty percent (20%) of the members of the Board, whichever is higher, a majority of whom shall be non-executive directors.

2.2. Board competency

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company’s industry, with an appropriate mix of competence and expertise, each of whom can add value and independent judgment in the formulation of sound corporate strategies. Its members shall remain qualified for their positions individually and collectively, to enable it to fulfil its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

Each director must possess the necessary qualifications to effectively participate in, and help secure independent judgment on corporate affairs and to provide proper checks and balances.

2.3. Board diversity

Directors are elected on the basis of merit. Within that key principle of merit, there shall be diversity among the members of the Board as to gender, age, ethnicity, background, skills and business.

2.4. Qualifications and Disqualifications of Directors

The qualifications and disqualifications for election to the Board of Directors are set forth in the Company’s Amended By-laws and Manual on Good Corporate Governance.

2.5. Independent Directors

The Board shall have at least two (2) Independent Directors, or such number as to constitute at least twenty percent (20%) of the members of the Board, whichever is higher. To be considered independent, a Director shall be independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Section 3: Directors’ Term of Office; Term Limits for Independent Directors

3.1. Directors shall hold office for a term of one (1) year, immediately upon their election and until their successors shall have been duly elected and qualified in accordance with the By-Laws of the Company and the Revised Corporation Code.

- 3.2. Independent Directors shall serve for such maximum term as may be required by law, corporate governance codes, and other pertinent rules of the SEC and Insurance Commission, but may continue to qualify for nomination and election as a non-independent director.

In the instance that the Board in its best judgment believes that it is beneficial to the Company to retain an Independent Director who has served for such maximum term, the said Independent Director may be retained for meritorious justification/s provided by the Board and with shareholders' approval as may be required under the circumstances.

Section 4: Duties and Responsibilities of the Board

4.1. General responsibilities of the Board and directors

To ensure a high standard of governance for the Company, and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board, in addition to and/or consistent with its express powers set forth in the Company's By-laws, 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) 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 the determination of his own remuneration.
- g) 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.

- h) 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.
- i) Oversee that the Company has adopted its parent company's 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.
- j) Oversee that the Company has adopted its parent company's internal control system to manage potential conflicts of interest of Management, board members, and shareholders.
- k) Oversee that the Company has adopted its parent company's enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.
- l) 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.
- m) 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.
- n) 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.
- o) Establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

4.2. Specific duties and responsibilities of the Board

To ensure a high standard of governance for the Company, and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board shall:

- a) 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;
- b) Adopt, implement and be responsible for an effective succession planning program for key officers and management towards ensuring growth and continued increase in the shareholders' value and shall adopt a policy on retirement age for key officers;

- c) Implement a process of selection of directors to ensure a mix of knowledge, expertise and experience and balance among independent, non-executive and executive directors in the context of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- d) Align as practicable the remuneration of key officers and board members with the long-term interests of the Company and oversee Management's adoption of compensation plans and professional development programs for Officers and succession planning for senior Management;
- e) Adopt a formal and transparent board nomination and election policy and process that shall be aligned with the strategic direction of the Company and shall include: (i) the right of shareholders to nominate candidates for the Board of Directors; (ii) the review and evaluation of the qualifications of all persons nominated to the Board of Directors; and (iii) an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, it shall include a process of identifying the quality of directors;
- f) Constitute committees that it deems necessary to assist the Board in the performance of its duties and responsibilities;
- g) Select and appoint the CEO and other Senior Officers as defined under the Company's By-laws;
- h) Determine and review, together with Management, the Company's vision, mission and strategic objectives;
- i) Oversee Management's implementation of business strategies, plans and objectives and periodically evaluate Management's overall performance;
- j) Ensure that the Company has an internal audit system that can reasonably assure the Board and Management that the Company's organizational and operational controls are complied with;
- k) Ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by independent auditors;
- l) Ensure, prior to approval, that minutes of meetings of the Board accurately reflect matters discussed and approved at said meetings;
- m) Ensure that the Company complies with all relevant laws, rules and regulations and endeavors to adopt best business practices;
- n) 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;

- o) Ensure that the Company establishes appropriate governance policies and procedures pursuant to the Company's Manual of Corporate Governance, including, but not limited to, policies on conflict of interest and related party transactions, and oversee the effective implementation thereof;
- 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) Promote social responsibility initiatives, with specific focus on community development, social progress, and environmental management, in accordance with all pertinent Philippine laws, rules and regulations;
- r) Adopt a Code of Business Conduct and Ethics and oversee effective compliance.

4.3. Specific Duties and Responsibilities of a Director

A Director should act in a manner characterized by integrity, transparency, accountability and fairness. Consistent with this, a Director shall:

- 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) Devote the time and attention necessary to properly and effectively discharge his fiduciary duties and responsibilities;
- c) Act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;
- d) Exercise independent judgment;
- e) Have a working knowledge of the statutory and regulatory requirements that affect the Company and its operations, including the provisions of the Company's Articles and By-Laws, the requirements of the Insurance Commission and other regulatory agencies having jurisdiction over the Company, and keep abreast with industry developments and business trends; and
- f) Observe and safeguard confidentiality of non-public information acquired by reason of his position as a Director;
- 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.

5. Board Meetings

5.1. Frequency

The Board shall hold meetings before the start of the financial year, immediately after the annual stockholders' meeting, and on such other days as may be necessary for the business of the Company.

5.2. Schedule of meetings:

The regular meetings of the Board are scheduled if there are matters or items that require board approval.

5.3. Notice of meetings:

Notices and reminders of the scheduled regular Board meetings shall be sent to directors at least five days before the scheduled date or, in the case of special meetings at least three days before the date of the meeting, by any customary means of communications (e.g. by email, in writing, by telephone, telefax). The notice shall specify the time and place of the meeting.

5.4. Agenda and Board materials

The agenda and materials for the Board meeting, as a general rule and to the extent practicable, shall be distributed to all directors prior to the scheduled Board meeting.

6. The Chairman of the Board

- 6.1. The Board shall be headed by a competent and qualified Chairman, who shall if practicable be a non-executive director.
- 6.2. The roles and responsibilities of the Chairman, among others:
- 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.

7. The Corporate Secretary

- 7.1. 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. 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.

The Corporate Secretary shall be primarily responsible to the Company and its shareholders, and shall work with the Chairman, the President and the Board.

- 7.2. The Corporate Secretary shall, among others, have the following duties and responsibilities:
- 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 or makes appropriate arrangements therefor;
 - 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 days in advance or, in the case of special meetings, at least three 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, or events occurring beyond his/her control, 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.

8. Directorships in Other Boards

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. In any case, the capacity of Directors to diligently and efficiently perform their duties and responsibilities to the Company should not be compromised. A director should notify the Corporate Secretary before accepting a directorship in another company.

9. Orientation and continuing education programs and training for directors

The policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors is set forth in the Company's Corporate Governance Manual.

10. Compensation of Directors

Directors shall not receive any compensation as such, except for reasonable per diems for attendance at meetings, unless such compensation is provided in the By-Laws or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company.

11. Amendment

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

12. Miscellaneous**12.1. Access to information**

The Board shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Company and sanctions against any officer or employee preventing such free and full access shall be provided.

12.2. Technical assistance

The Board may invite such members of Management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.

12.3. Effectivity

This Charter shall take effect when approved by the Board and shall apply prospectively.

This Charter of the Board of Directors of T-O Insurance Brokers, Inc. was adopted by the Board of the Company on October 28, 2021.

Attest:

ROBERTO M. LAVINA
Chairman of the Board



NANETTE P. VILLALOBOS
Compliance Officer



TROY A. LUNA
Corporate Secretary