

MILESTONE GUARANTY AND ASSURANCE CORP. CORPORATE GOVERNANCE

Our Structure

SHAREHOLDERS

Milestone Guaranty's shareholders are composed of individuals who have invested their capital into the company, most of which from the start of the Company's operations in 1962.

SHAREHOLDER'S RIGHTS

Milestone Guaranty and Assurance Corp. provides its shareholder's equal right's as stated hereunder:

Consultation

Shareholders of the Company are allowed to consult among themselves on issues concerning their basic rights subject to exceptions to prevent abuse.

Voting

Shareholders of the Company have rights to vote on major company decisions. They can vote on corporate matters such as voting for the officers of the company, sale of the company or mergers, increase in capitalization and other financial concerns. Voting on these matters generally take place during the annual stockholders meetings. Shareholders have the right to vote in person or by proxy if they can't attend the meetings.

Inspecting

Shareholders also have rights to inspect the company's financial records as such information gives our shareholders a chance to view how the company is performing.

Dividend Entitlement

Each shareholder of the Company is entitled to receive the dividend when such dividends is approved by the board of directors of the company.

Meetings

Shareholders are invited to attend the annual stockholder's meeting and are notified in writing weeks before the scheduled date.

Board of Directors

Our Board is composed of 9 regular directors and 2 independent directors. Each is qualified for their experience and skills and have attended the Corporate Governance Seminar. Out of the nine regular directors, 4 are at the same time executives of the Company.

Frisco F. San Juan – Chairman
Norberto V. Saucó- President
Rosauro G. Maghirang, Jr.- Director
Frisco S. San Juan, Jr.- Director
Gil S.J. San Juan - Director
Jorge M. Mariano III – Director
Reginaldo S. San Juan – Director
Jorge B. Mariano IV - Director
Divinagracia S. San Juan- Director
Hans Christian V. Docena- Independent Director
Emma M. Rosqueta – Independent Director

RESPONSIBILITIES OF THE BOARD

At the start of the service of a new director, the President give a newly appointed director a briefing on the Company's structure and business, the responsibilities of the Board and its Committees and how each operates, and the schedule of Board meetings, among others. The new director is also furnished with copies of all relevant information about the Company and policies applicable to the directors, including the Company's Articles, By-Laws, Annual Report and Corporate Governance Manual.

To perform its mandate, our Board holds regular meetings, the schedule of which is determined at the beginning of the year.

In 2015, our Board held eighteen (18) meetings: The annual board meeting and the Special Board Meeting. The Chairman of the Board, the President, and other directors attended all Board meetings. At least one independent director was present.

Our Policies

Our Corporate Governance Manual provides the framework and structure of our corporate governance program while the other policies serves as guide to the different

CODE OF ETHICS

Milestone Guaranty & Assurance Corp. (Milestone) Code of Ethics establishes principles to guide the Company's directors, officers and employees in evaluating and making day-to-day decisions. It defines the company's way of doing business.

Milestone's directors, officers, and employees promote a culture of good corporate governance by observing and maintaining the core business principles of Fairness, Accountability, Integrity, Transparency and Honesty in our relationships among ourselves and within our Company's stockholders, customers, regulators and the general public.

This Code identifies our Company's values. It characterizes the mode of behavior and conduct expected of all Milestone directors, officers and employees in the performance of their respective duties and responsibilities, on behalf of the Company.

I. Principles and Values, the core of our Code

The essence of this Code of Ethics is that all actions of our Company, its directors, officers and employees must be consistent with our core business principles and values: Fairness, Accountability, Integrity, Transparency and Honesty.

II. The Norms of Business Conduct and Ethics

Milestone, its directors, officers and employees are committed to the following standards in their behavior and in their various business dealings:

1. Compliance

a. Uphold right conduct and personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations.

b. Do not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any laws, rules or regulations.

2. Competition and Fair Dealing

a. Do not take unfair advantage of anyone through manipulation, collusion, concealment, abuse of privileged information, or misrepresentation of material facts.

b. Do not make false statements against competitors, their products and/or services.

c. Exercise reasonable and prudent professional judgment when dealing with clients. Deal fairly with the Company's customers, service providers, suppliers, competitors and employees

3. Confidentiality

a. Maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners, or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. Confidential information

includes any non-public information that might be of use to competitors, or harmful to the Company, customers, business partners, or such other parties with whom the Company relates, if disclosed.

b. Speak publicly about the business only when authorized to do so by the Company. Disseminating confidential memos, reports or information to or for use by the media, competitors or third parties without the Company's permission, is unacceptable and unethical behavior.

c. Abide by Company policy and applicable laws regarding business records retention. Ensure that records are not altered, concealed, destroyed or falsified to impede, obstruct or influence any investigation by, or proceeding before any official Company committee, governmental, regulatory or judicial body.

4. Proper Use of Company Assets

a. Use Company property and resources, including Company time, supplies and software, efficiently, responsibly and only for legitimate business purposes.

b. Safeguard Company assets from loss, damage, misuse or theft.

c. Respect intellectual property rights.

5. Conflicts of Interest

a. Avoid any actual or apparent conflicts of interest between private interests, including the private interests of family members, and the interests of the Company, unless prior approval has been obtained from the appropriate approving authorities as designated in applicable policies of the Company. Any actual or apparent conflict of interest, and any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest, must be immediately disclosed to the Administration Department or to the Corporate Secretary, in case any member of the Board is involved.

b. Avoid activities and interests that could significantly affect the objective or effective performance of duties and responsibilities in the Company, including business interests or unauthorized employment outside the Company, the receipt from and giving of gifts of unusually high value to persons or entities with whom the Company relates, as well as insider dealing.

c. Base all business decisions and actions on the best interest of the Company. These decisions must not be motivated by personal considerations and other relationships, which may interfere with the exercise of independent judgment.

d. Whenever opportunities arise, constantly advance the Company's legitimate interest. Avoid competing with the Company on a business opportunity or acquiring an interest contrary to that of the Company's. Refrain from taking advantage of Company property, information or position, or opportunities arising from these, for personal gain, to

compete with the Company, or act against the best interest of the Company. Directors, officers and employees who intend to make use of Company property or services in a manner not solely for the benefit of the Company should obtain prior approval from appropriate authorities as designated in applicable policies of the Company.

6. Disclosure

- a. Promptly and properly disclose to the public all material information (i.e., anything that could potentially affect share price, as well as other information), including earning results, financial position, related party and off-balance sheet transactions.
- b. Where relevant, comply with the Company's disclosure controls and procedures and internal controls to ensure that (i) financial and non-financial information is properly recorded, processed, summarized and reported and (ii) the Company's public reports and documents, including the reports that the Company files with the Insurance Commission and the Philippine Securities and Exchange Commissions , comply in all material respects with the applicable laws and rules.
- c. Avoid knowingly misrepresenting, or causing others to misrepresent, facts about the Company to others, whether inside or outside the Company.
- d. Properly review and critically analyze proposed disclosures for accuracy and completeness.

7. Relations with Shareholders and Investors

- a. Adopt best practices of good corporate governance in the conduct of the business.
- b. Maintain business and accounting records which accurately reflect the financial position of the business and issue financial statements to ensure transparency of information.
- c. Ensure an independent audit of the Company's financial statements by external auditors selected by the Company's Audit Committee.

III. Bribes, Gifts and Entertainment

Gifts offered by employees of different companies vary widely. They can range from Widely distributed advertising novelties of nominal value, which you may give or accept, to bribes, which you unquestionably may not give or accept.

The following are Milestone's general guidelines on giving and receiving gifts and business amenities.

1. Business Amenities

With management approval, you may give or accept customary business amenities, such as meals and entertainment, provided the expenses involved are kept at a

reasonable level and are not prohibited by law or known client business practice.

2. Receiving Gifts

Neither you nor any member of your family may solicit or accept from a supplier or Client money or a gift that could influence or could reasonably give the appearance of influencing Milestone's business relationship with that supplier or client.

If you are offered a gift which has more than nominal value or which is not customarily offered to others, or money, or if either arrives at your home or office, tell your immediate superior immediately. Appropriate arrangements will be made to return or dispose of what has been received, and the supplier or client will be reminded of Milestone's gift policy.

3 Referral Fees

When authorized by the Company, you may refer clients to third party suppliers. However, Milestone employees may not accept any fee, commission or other compensation for this activity from anyone except the Company.

4. Giving Gifts

You may not give money or any gift to an executive, official or employee of any supplier, client or any other organization if doing so would influence or could reasonably give the appearance of influencing the organization's relationship with Milestone. You may, however, provide a gift of nominal value, such as a Milestone advertising novelty, if it is not prohibited by law or the client's known business practices.

CREDITOR'S POLICY

Milestone treats its creditors as business partners and, therefore, the relationship with them is based on mutual respect and benefit. The Company has the responsibility to:

- Settle its obligations in accordance with the terms and conditions of the loan agreements.
- Foster long-term relationship with creditors to attain quality, competitiveness, process efficiency and performance reliability;
- Seek fairness, and transparency in all of its business dealings with them; and
- Seek, encourage and prefer creditors whose business practices are above board.

CUSTOMER HEALTH & SAFETY POLICY

Our policy is to take all reasonable steps to ensure the health and safety of our customers while at our Company premises.

This is being achieved by:

- assessing risks to health, safety and the environment associated with our workplace;
- ensuring information, instruction, and training are timely and appropriate;
- continuing to provide suitable facilities;
- periodically auditing and reviewing methods and procedures to ensure they are still valid;
- re-appraising working practices when circumstances change or new hazards arise;
- and identifying hazards through incident reporting in order to strengthen our precautions.

Management's responsibility cannot be discharged without the co-operation of all employees and guests. With the implementation of the company policy on Safety and Health in all its offices the Company tries to attain a zero accident environment for the benefit of its customers and employees.

Management gives full backing to the Safety and Health policy and supports all those who endeavour to carry it out in a quest to develop a positive health and safety culture.

Work Environment

Milestone strives to maintain a healthy, safe and productive work environment which is free from discrimination or harassment based on race, color, religion, gender, gender identity or expression, sexual orientation, national origin, disability, age, or other factors that are unrelated to Milestone's legitimate business interests. The Company will not tolerate sexual advances, actions or comments or racial or religious slurs, jokes or any other comments or conduct in the workplace that creates, encourages or permits an offensive, intimidating or inappropriate work environment.

Employees who are found to have engaged in harassment or discrimination, or to have misused their positions of authority in this regard, will be subject to disciplinary measures, including dismissal.

Other conduct that is prohibited because of its adverse impact on the work environment includes: (1) threats; (2) violent behavior; (3) the possession of weapons of any type; (4) the use of recording devices, including videophones and Web cameras, for other than management approved purposes; and (5) the use, distribution, sale or possession of illegal drugs or any other controlled substance, except for approved medical purposes. In addition, employees should not be on Company premises or in the Milestone work

environment if they are under the influence of or affected by illegal drugs, controlled substances used for nonmedical purposes or alcoholic beverages. Consumption of alcoholic beverages on Company premises is only permitted, with prior management approval, for company-sponsored events.

ENVIRONMENTAL POLICY

Environment

As a good corporate citizen, we strive to minimize the environmental impacts of our operations as well as help our customers and communities be better prepared for more frequent natural disasters caused by a changing climate.

Why We Care

We believe a comprehensive environmental strategy is important to our responsibility as a corporate citizen. It's also good business — reducing our energy, water, waste and paper use directly cuts our operating costs.

As a company in the business of managing risk, we are also keenly aware of the role we play in addressing climate change. This includes mitigation efforts in our own operations and influencing customers' behaviors. It also includes helping our customers prepare for and adapt to the impact of climate change and more extreme and unpredictable weather patterns.

Our focus on sustainable operations not only helps to reduce our impact, but it has the added benefit of helping us to prepare for future climate change by increasing employees' awareness and their ability to innovate new products and services. Our employees are proud to work for a company that implements innovative programs that reduce water bottle and paper usage.

What We Do

Running a lean and high-performing company means looking for efficiency in all our operations. So we continuously strive to improve our performance, consistent with our core beliefs and sustainability efforts.

That includes making our facilities and fleet more energy efficient; reducing our paper use; finding new ways to recycle, reuse and conserve; and working with our suppliers and business partners to minimize Milestone's overall impact. We set goals and closely monitor progress, and we work with leaders and the public to address issues related to climate change and disaster preparedness.

Our Environmental Policy

We're guided by a comprehensive policy that applies to our value chain from suppliers to customers, employees, agency owners, business partners, investors and the public.

In support of that policy, we:

- Seek to reduce energy use and limit greenhouse gas emissions
- Focus on conserving water to help preserve an increasingly scarce resource
- Use resources responsibly, from purchase and use through recycling and, as a last resort, disposal
- Minimize the consumption of fossil fuels and reduce harmful emissions, airborne pollutants, traffic and parking lot congestion

Sustainability Leadership Team

Our efforts are overseen by a Sustainability Leadership Team, which is comprised of officers and staff from all department's of the company. The team focuses on environmental efforts from an enterprise-wide perspective — launching, leading and integrating sustainability efforts throughout core functions of the business.

REWARDS AND COMPENSATION POLICY

AWARDS

a) Service Award

The faithful services of employees are recognized through the awarding of a plaque and or gift depending upon the employees' completion of a specified number of years of service as shown below:

Years of Service	Award
10 years	Cash Award
15 years	Cash Award
20 years	Cash Award
25 years	Cash Award
30 years	Cash Award
35 years	Cash Award

b) Awards for Passing Examination

- IIAP (Insurance Institute for Asia & the Pacific) Exams
CPA, Board Exam, Bar Exam

SUPPLIER/CONTRACTOR SELECTION AND CRITERIA

Dealing with Suppliers

In deciding among competing suppliers, we weigh the facts impartially to determine the best supplier. This is usually done by the people in the Administration Department for office supplies or equipment or the MIS Department for Computer or computer related items.

Whether or not you are in a position to influence decisions involving the evaluation or selection of suppliers, you must not exert or attempt to exert influence to obtain “special treatment” for a particular supplier. Even to appear to do so can undermine the integrity of our established procedures. Milestone uses a competitive evaluation process to select the best suppliers. Prices and other information submitted by suppliers and Milestone’s evaluation of that information are confidential to Milestone. Employees and former employees may not use any of this information outside of Milestone without written permission from management. It is essential that suppliers competing for Milestone’s business have confidence in the integrity of our selection process.

Avoiding Reciprocal Dealing

Seeking reciprocity is contrary to Milestone’s policy and may also be unlawful. You should not tell a prospective supplier that your decision to buy its goods or services is conditioned on the supplier’s agreement to buy Milestone’s products or services. This does not mean that a Milestone client cannot be a Milestone supplier or that Milestone can never consider its other relationships with the supplier when it is evaluating the supplier. It simply means that Milestone’s decision to buy goods and services from a supplier must be made independently from that supplier’s decision to buy Milestone’s products and services.

WHISTLEBLOWER POLICY

1. Introduction

Milestone Guaranty and Assurance Corp. is committed to high legal, ethical and moral standards.

The whistleblower policy aims to provide clear guidelines on how to receive and report internal and external “good faith” complaints or suspicions of illegal, unethical or other inappropriate activities or any type of misconduct by directors, employees as well as consultants, suppliers and/or any other parties with a business relationship with the Company, without fear of punishment or retaliation of any kind.

These procedures are intended to encourage and enable employees and others to raise concerns without any fear of adverse consequences. This document lays down

appropriate protection to the reporting individuals against any act of retaliation or harassment.

These whistle blowing procedures are in addition to the Code of conducts, customers complain procedures and other disclosure and reporting requirements.

2. Ownership of the Policy

The primary responsibility of maintaining the policy rests with the Audit Committee.

The implementation and ownership of this policy will be with the President. The policy may be updated in the event of any changes to the laws and regulations governing the policies and procedures outlined in this policy, or any other additional changes to the policy are required.

The President is required to carry out an annual assessment of the policies and procedures outlined in this policy and update the policy if required. Any such update becomes effective only after the approval of the Audit Committee.

In case of receiving any request for change such requests shall be processed in the following manner:

- The amendment proposed shall be submitted to the President for consideration.
- If the proposed amendment is agreeable, the President shall submit the amendment request to the Audit Committee.
- The policy shall be suitably updated by the President once the proposed amendment is approved by the Audit Committee.

3. Scope of the Policy

- This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, suppliers, contractors, and/or any other parties with a business relationship with the Company.
- All employees as well as directors and business partners i.e. customers, vendors and consultants are also encouraged to use these procedures for reporting any misconduct relating to the Company.
- Any individual who has observed a reportable misconduct has an obligation and responsibility to report such conduct to appropriate authority.
- This policy is intended to cover any act of misconduct of general, operational, legal or financial nature including but not limited to:
 - Financial matters such as suspicious or actual fraud; circumvention of internal accounting control and questionable accounting or auditing matters
 - Misleading or coercing of auditors

- Violation of company policies
- Human resource matters including harassment, discrimination and workplace violence
- Workplace Health & Safety matters
- Violations of Employment or Labor laws or any other government regulations
- Misuse of company “property” including information, funds, supplies or other assets
- Forgery, alteration or manipulation of documents or computer files
- Corruption (bribery, kickbacks)
- The unauthorized use of Company’s funds and/or use of funds/ property/ resources for illegal, improper or unethical purpose;
- Any other type of misconduct
- Employees are strongly encouraged to discuss with supervisors, managers or other appropriate personnel, when in doubt, about the best and ethical course of action in a particular situation.

4. Effective Date

The policies and procedures outlined in this policy are effective from the date of Audit Committee/Board of Director’s approval.

5. Definitions

- “Good Faith” means: An employee shall be deemed to be whistle blowing in “good faith” if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the whistle blowing or where the employee knew or should have known that the whistle blowing is malicious, false or frivolous.
- “Company” means- Milestone Guaranty and Assurance Corp.
- “Whistleblower” means: An employee of the Company who discloses in Good Faith and in writing any Unethical and Improper Practices to the concerned persons

6. Protection to the Whistleblower

- Against retaliation or harassment: The Company will not accept any act of retaliation or harassment against the reporting person and will take appropriate measures to protect the person who raise concern in good faith.
- Confidentiality: All concerns/reports will be treated in utmost confidentiality. A whistle blower may choose to reveal his/her identity when a report or disclosure is made. The Company will respect and protect the confidentiality of the Whistle-

Blower. The Whistleblower is assured that the Company will not reveal the identity to any unrelated third party, unless as required by legal proceedings. The Whistleblower is also expected to maintain the same level of confidentiality.

· Legal Assistance: The Company will also provide legal or other assistance to the Whistleblower to minimize any difficulties which the Whistleblower may experience as a result of raising a concern. For instance, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the company will arrange for him/her to receive legal advice/assistance about the applicable procedures.

7. Reporting and Administration Process

7.1. Communication Channel

· Depending on the seriousness and sensitivity of the issues involved the Whistleblower may directly approach:

- Chairman, Audit Committee
- President
- Internal Auditor

· If the Whistleblower feels that issue is highly sensitive and it is important to take the matter beyond the above mentioned designated officials then following are the possible contact points:

- Independent Directors
- Chairman of the Board of Directors
- The External Auditor

· Employees should normally raise concerns with their line manager who would notify the President. However, if for some reason the employee does not feel comfortable to report through his manager, then he/she should to take his concerns directly to the President or any appropriate authority as described above.

7.2. Reporting

· Reports/Concerns may be raised verbally or in writing. Person who wish to report are encouraged to provide information on following lines:

- background and history of the concern (giving relevant dates);
- Reasons why they are particularly concerned about the situation.

· Although the Whistleblower is not expected to prove beyond doubt the truth of an allegation, he/she should be able to demonstrate to the contacted official that there are reasonable grounds for concern.

· Concerns may also be raised anonymously, if the Whistleblower wishes so. However, such concern will be accepted based on merit only. Whistleblower is encouraged to put his/her name whenever possible and facilitate informed investigation. It should be noted that concerns expressed anonymously are much less powerful and will only be considered at the discretion of the Company. In exercising this discretion, the factors that are taken into account are:

- The seriousness of the issue
- The credibility of the concern
- The likelihood of confirming the allegation from attributable sources.

7.3. Addressing complaints/concerns

- Once the complaint is received and if complainant's identity is known, the receiving party (as the case may be) will acknowledge receipt of the complaint.
- Subsequently the allegation will be evaluated by a designated individual or a team with the necessary authority and skills to conduct an initial evaluation of the allegation and determine the appropriate course of action to resolve it.
- Depending upon the nature, potential impact, and seniority of persons involved- the investigation team will be determined by the board or senior management. In cases that involve any board member or senior management, the board should decide about the investigating team and may want to hire outside independent advisers to assist in this evaluation.

7.4. Reporting

- The investigation team will report its findings to the party overseeing the investigation, such as senior management, directors, or legal counsel.
- The nature and distribution of the report may be affected by the goals of protecting legal privileges and avoiding defamatory statements. For similar reasons, advice of counsel will be sought before the party overseeing the investigation makes public statements or other communications regarding the investigation.

7.5. Corrective Action

- After the investigation has been completed, the corrective action will be determined.
- Any action taken would be appropriate under the circumstances, applied consistently to all levels of employees, including senior management, and would be taken only after consultation with individuals responsible for such decisions. Management consultation with legal counsel is strongly recommended before taking disciplinary, civil, or criminal action.

7.6. Notification

· Administration Department is required to notify and communicate the existence and contents of this Policy to existing employees of the company as well as to new employees that are appointed in future, along with suitable e-mail / postal addresses for reporting to the President or Chairman of the Audit Committee by the Whistle Blowers.

TRAINING/CAREER DEVELOPMENT PROGRAM

1. IIAP's BASIC NON -LIFE INSURANCE COURSE

Regular employees as well as the members of the Board of Directors with at least one year of service is entitled to take the Basic Non-Life Insurance Course of IIAP. The company pays for the cost of enrollment, as well as the mailing fee and shall provide the textbooks and other review materials to enrollees.

2. IIAP's SPECIALIZED COURSE ON NON-LIFE INSURANCE

Any permanent employee or member of the Board of Directors is eligible to take the Specialized courses offered by the Insurance Institute for Asia and the Pacific (IIAP). The company pays for the cost of enrollment, as well as the mailing fee and shall provide the textbooks and other review materials to enrollees.