

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 and sustainability of the corporation 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	The academic qualifications, industry knowledge of professional experience of directors are posted in company's website including the Qualification Standards being observed by the company in the selection and nomination of board of directors. Link/reference: Profiles of Board of Directors Qualifications of Board of Directors	
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		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors	Compliant	Out of nine (9) members of the board, there are four (4) members who are non-executive directors as of July 19, 2022, namely: <ol style="list-style-type: none"> 1. Gen. Salvador M. Mison (Ret.) 2. Edna Marcoleta 3. Dr. Efren C. Laxamana 4. Atty. Romarico I. Gatchalian Link/reference: General Information Sheet 2022 (including the 2nd amendment)	

		Board of Directors	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors	Compliant	Policy on training of directors is expressly stated in the Corporate Governance Manual. Link/reference: Corporate Governance Manual	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	Out of nine (9) directors, the following members of the board have complied the annual continuing training:	
3. Company has relevant annual continuing training for all directors.	Non- Compliant	1. David P. Mercado, Jr. The topic of the seminar/program is IC-ICD Workshop on Corporate Planning. Link/reference: Certificates of Participation	All members of the board have manifested their commitment to attend seminars for annual continuing training this 2023 since the effect of pandemic is about to decline.
Recommendation 1.4			
1. Board has a policy on board diversity	Compliant	The board is composed of eight (8) male and one (1) female. Link/reference: Board Diversity Policy	
Recommendation 1.5			

1. Board is assisted in its duties by a Corporate Secretary	Compliant	Link/reference: Board of Directors Charter	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Profile of Atty. Richie Q. Caranto	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Non-Compliant	Link/reference:	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer	Compliant	The Corporate Governance Compliance Officer is Ms. Flaviana C. Garces, Vice-President for Finance/Treasurer. She is not a member of the board of directors. Link/reference: Management Team	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board	Compliant		
4. Compliance Officer attends trainings/s on corporate governance annually.	Compliant	Link/reference: Certificate of Participation of Ms. Garces	
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	<p>The members of the board were given agenda for the intended meeting with supporting reports for their review and evaluation.</p> <p>Link/reference: Notice and Agenda of Stockholders' Meeting List of Board Resolutions</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The members of the board periodically conducted review and approval of company's business objectives and strategy.</p>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant	<p>Link/reference: List of Board Resolutions</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The qualifications of the Chairman of Board are posted in the company's website.</p> <p>Link/reference: Profile of David P. Mercado</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management	Compliant	<p>The company has succession policies and programs as to the members of the board as wells as to its key corporate officers.</p>	

2. Board adopts a policy on the retirement for directors and key officers	Compliant	Link/reference: Succession Policy Nomination Charter	
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	The company has remuneration policy containing its implementation, including the relationship between remuneration and performance as well as the recusation or abstention of a director to vote when his compensation is up for consideration by the board. Link/reference: Remuneration Committee Charter	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration	Compliant		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The company has nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nomination from shareholders.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepts nomination from minority shareholders.	Compliant	The said policy also provides for minority shareholders the right to nominate candidates to the board as well as process for the board to be effective in the assessment of its nomination, election or replacement of a director.	
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		

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.	Compliant	Link/reference: Corporate Governance Manual Nomination Charter	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company	Compliant		
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.	Compliant	The company has policy on related party transaction including policy on review and approval of significant RPTs. For the year 2022, no material related party transactions have been occurred. Thus, no such disclosure was reported in the Notes to the Financial Statements. Link/reference: RPT Committee Charter	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
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	The Board has policy and responsibility for approving the selection of management team. Link/reference: Corporate Governance Manual	

		Board of Directors Charter Nomination Committee Charter Management Team	
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	<p>The Board has policy and responsibility for assessing the performance of management.</p> <p>Link/reference: Board of Directors Charter Remuneration Committee Charter Management Team</p>	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>The Board has performance management framework for management and personnel.</p> <p>Link/Reference: Corporate Governance Manual Board of Directors Charter</p>	
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	<p>The Board has responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system.</p> <p>Link/reference:</p>	
2. The internal control system includes a mechanism for monitoring and managing	Compliant		

potential conflict of interest of the Management, members and shareholders.		Corporate Governance Manual Board of Directors Charter Audit Committee Charter	
3. Board approves the Internal Audit Charter	Compliant	The Board approved the Internal Audit Charter. Link/reference: Internal Audit Charter	
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.	Non-Compliant		The Board is still in the process of the formulation a sound enterprise risk management.
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.	Non-Compliant		The Board is still in the process of the formulation a sound enterprise risk management.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Link/reference: Board of Directors Charter	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		

3. Board Charter is publicly available and posted on the company's website.	Compliant		
<p>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.</p>			
<p>Recommendation 3.1</p>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Link/reference: Board Committees	
<p>Recommendation 3.2</p>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.		The information on the Audit Committee including its functions and responsibility to recommend the appointment and removal of the company's external auditor are posted in the company's website. Link/reference: Board of Directors Charter Audit Committee Charter	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	All members of the Audit Committee are non-executive directors and its Chairman is an independent director. Link/reference: Audit Committee Members Profiles of Audit Committee Members	

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>The qualifications of members of Audit Committee are posted in the company's website.</p> <p>Link/reference: Profile of Audit Committee Members</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The Chairman of the Audit Committee is not a Chairman of the Board or of any other committee.</p> <p>Link/reference: Board Committees</p>	
<p>Recommendation 3.3</p>			
<p>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.</p>	<p>Compliant</p>	<p>The Board has established a Corporate Governance Committee, including its functions as expressly provided in its charter.</p> <p>Link/reference: Corporate Governance Committee Charter</p>	
<p>2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.</p>	<p>Compliant</p>	<p>The members of the Corporate Governance Committee, including their qualifications and type of directorship are posted in company's website.</p> <p>Link/reference: Corporate Governance Committee Members</p>	

3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>The Chairman of the Corporate Governance Committee is an independent director.</p> <p>Link/reference: Corporate Governance Committee Members</p>	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>The Board has established Board Risk Oversight Committee (BROC), including its functions.</p> <p>Link/reference: Board of Directors Charter Board Risk Oversight Committee Charter</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The members of the BROC, including their qualifications and type of directorship are posted in company's website.</p>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<p>The Chairman of the BROC is an independent director and not a Chairman of the Board or of any other committee.</p> <p>Link/reference: Members of BROC</p>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management	Compliant	<p>Celso N. Sarto has relevant thorough knowledge and experience on risk and risk management.</p>	

		Link/reference: Profile of Celso N. Sarto	
Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company	Compliant	The Board established a Related Party Transactions (RPT) Committee, including its functions. Link/reference: Board of Directors Charter RPT Committee Charter	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	The members of the RPT Committee, including their qualifications and type of directorship are posted in company's website. All the members are non-executive and independent directors. Link/reference: RPT Committee Members	
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	The company has committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Link/reference: Board of Directors Charter Nomination Committee Charter	

		BROC Charter Audit Committee Charter Remuneration Committee Charter Corp. Governance Committee Charter RPT Committee Charter	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Board Committee's Charters	
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 attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	The Board has established a process and procedure for tele/videoconferencing board and/or committee meetings. Link/reference: Corporate Governance Manual List of Board Resolutions Summary of Attendance of Board Meetings Board of Directors Charter	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Link/reference: Excerpt of Minutes of Annual Stockholders Meeting Agenda of Annual Stockholders' Meeting List of Board Resolutions Summary of Attendance of Board Meetings	

3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Link/reference: Excerpt of Minutes of Annual Stockholders Meeting	
Recommendation 4.2			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management’s proposals/views, and oversee the long-term strategy of the company.	Compliant	The company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Presently, no member of the board is serving directors to five (5) Insurance Commission Regulated Entities simultaneously. Link/reference: Corporate Governance Manual	
Recommendation 4.3			
1. The directors notify the company’s board where he/she is an incumbent director before accepting a directorship in another company	Compliant	No director has existing directorship with another company regulated by Insurance Commission.	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	The board is composed of 44.44% independent directors. Link/reference:	

		Board of Directors	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Link/reference: Corporate Governance Manual Profiles of Board of Directors who are independent	
Recommendation 5.3			
1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	Compliant	All independent directors were appointed as early as 2016. Thus, the maximum cumulative term of nine (9) years is not violated. Link/reference: Profiles of all independent directors	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Non-Compliant	There is no specific provision in the Corporate Governance Manual nor in the Nomination Committee Charter barring an independent director from serving in such capacity after the term limit of nine (9) years.	The Board undertakes to include such provision on independent directors in its Corporate Governance Manual and Nomination Committee Charter

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>	<p>Not applicable</p>		<p>All independent directors have been serving as such since 2016.</p>
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive officer are held by a separate individual.</p>	<p>Compliant</p>	<p>The company's Chairman of the Board is Retired General Salvador Mison until July 18, 2022 while its President and Chief Executive Officer is Mr. Norberto V. Sauco until June 15, 2022.</p> <p>Mr. David P. Mercado was appointed as new Chairman of the Board on July 19, 2022 while Mr. Nicasio F. Rollan as the New President and Chief Executive Officer on June 16, 2022</p> <p>Link/reference: Board of Directors Management Team</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>The roles and responsibilities of the Chairman of the Board and Chief Executive Officer are defined in its by-laws and Corporate Governance Manual</p> <p>Link/Reference: Corporate Governance Manual Board of Directors Charter</p>	<p>The Board is still in the process of revising the Corporate Governance Manual regarding the roles, duties and functions of the Chairman and Chief Executive Officer.</p>

Recommendation 5.5			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Non-Compliant		The Board is still in the process of revising it to include this specific provision in the event that the chairman of the Board is not an independent director or the CEO and the Chairman are being held by one person.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	Link/reference: Corporate Governance Manual	In 2022, no director has material interest in a transaction 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 directors present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant		Due to pandemic, the non-executive directors and external auditor as well as the heads of internal audit, compliance and underwriting departments failed to conduct periodic meetings.
2. The meetings are chaired by the lead independent director	Non-Compliant		The Board undertakes to comply the recommendation this 2023.
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. The Board conducts an annual assessment of its performance as a whole.	Non-Compliant	<p>The company has established a Director’s and Chairman’s Performance Evaluation Report.</p> <p>Link/reference: Chairman’s Performance Evaluation Report Form Director’s Performance Evaluation Report Form</p>	The Board has yet to establish criteria for the assessment of its performance as a whole.
2. The performance of the Chairman is assessed annually by the Board.	Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant		
4. The performance of each committee is assessed annually by the Board.	Non-Compliant		The Board has yet to establish criteria for the assessment of committees’ performance.
5. Every three years, the assessments are supported by an external facilitator.	Not yet applicable		<p>The Board has just incorporated in its Performance and Assessment of Directors and Key Officers where the three-year period shall become applicable in 2023.</p> <p>Link/reference: Performance and Assessment of Directors and Key officers</p>
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.	Non-Compliant		The Board is in the process in establishing a system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.
2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant		The Board is in the process in establishing a system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.
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	The company's Code of Business Conduct and Ethics are incorporated in the Corporate Governance Manual. Link/reference: Corporate Governance Manual Code of Conduct	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The company's Code of Business Conduct and Ethics are incorporated in the Corporate Governance Manual.	

		Link/reference: Corporate Governance Manual	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The company's Code of Business Conduct and Ethics are incorporated in the Corporate Governance Manual. Link/reference: Corporate Governance Manual	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Link/reference: Sustainability Reporting on HR/Admin matters.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.		All directors, officers and employees are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	
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 stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	The company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders are provided in the Corporate Governance Manual and the required reports were attached in the Notice of Stockholders' Meeting.	

		Link/reference: Corporate Governance Manual Notice of Annual Stockholders Meeting	
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 judgement.	Compliant	The directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in company's website. Link/reference: Board of Directors Training certificates	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interests that might affect their judgement.	Compliant	The key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in company's website. Link/reference: Profile of Directors who are executives Training certificates	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix	Non-Compliant		The Board is still in the process of setting up of a company policy and practice

of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.			for remuneration of directors.
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Non-Compliant		The Board is still in the process of setting up of a company policy and practice for remuneration of executive officers.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		Due to confidentiality, the Board does not allow disclosure of the breakdown of compensation of its members and key officers.
Recommendation 8.5			
1. Company disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Link/reference: Board of Directors Charter RPT Charter Corporate Governance Manual	
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	Not applicable		No reported material or significant RPTs in 2022.

Recommendation 8.7			
1. Company's corporate governance policies programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Link/reference: Corporate Governance Manual	
2. Company's MCG is posted on its company website.	Compliant		
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	Link/reference: Board of Directors Charter Audit Committee Charter Excerpt of Annual Stockholders Meeting	
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	The external auditor has been reappointed by the stockholders consisting of 98.26%.	
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.	Not applicable		The company has not removed its external auditor in the immediately preceding year.

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	Link/reference: Audit Committee Charter	
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	Link/reference: Audit Committee Charter	
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.	Not applicable		The external has not been engaged for non-audit services.
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	Link/reference: Code of Conduct on Conflict of Interest Audit Committee Charter	
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.	Compliant	The company's policies and practices on the disclosure of non-financial information, including EESG issues are incorporated in its Corporate Governance Manual and Code of Business Conduct. Link/reference: Corporate Governance Manual Code of Conduct	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Link/reference: Sustainability Report	
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. The Company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	www.milestoneguaranty.com	
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	<p>The quality service programs for the internal audit functions are based on the existing internal control system being imposed by the Board and the Management.</p> <p>In its Operational and Financial audits, the Internal Audit periodically conducts reviews of all business transaction to ensure that all existing internal controls are in place.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-Compliant		The company is in the process of finalizing the Enterprise Risk Management.
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	The company has Internal Audit Department headed by AVP Kirby Macalalad.	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	The company's Chief Audit Executive (CAE) is Mr. Kirby Macalalad and his responsibilities are expressly stated in the Internal Audit Charter.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that a portion that is outsourced to a third party service provider.	Compliant	<p>Link/reference:</p> <p>Internal Audit Charter</p>	

3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not applicable		The company has its own Internal Audit Department.
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	The company's risk management function is assigned to Underwriting Department and Bonds Department.	
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).	Non-Compliant		There is no specific Chief Risk Officer (CRO) has been appointed but the responsibilities of a risk officer are being shared by Mr. Virgilio V. Cruz, Senior Vice-President for Underwriting and Atty. Richie Q. Caranto, Senior Vice-President for Bonds.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		
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	Shareholders' rights are disclosed in the Corporate Governance Manual posted in www.milestoneguaranty.com .	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	www.milestoneguaranty.com	
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 21 days before the meeting.	Compliant	The Corporate Secretary sent the notices at least ten (10) days before the date of annual meeting. The by-laws expressly mandates that the notices of meeting shall be served within a period of five (5) days. Stockholders representing 98.26% attended the meeting. Link/reference: Notice of Annual Meeting	
Recommendation 13.3			
1. Board encouraged 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	Link/reference: Excerpt of Minutes of Annual Stockholders Meeting	
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	Compliant	Excerpt of Minutes of Annual Stockholders Meeting	
Recommendation 13.4			

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Non-Compliant		The Board is still in the process of formulating the details of the alternative dispute resolution to resolve intra-corporate disputes.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant		The Board will amend its Manual on Corporate Governance to incorporate the alternative dispute mechanism.
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	<p>The company's shareholders are its customers, the government, creditors, stockholders and employees.</p> <p>Its policies and programs are expressly stated in Manual on Corporate Governance and Code of Conduct.</p> <p>Link/reference: Corporate Governance Manual Code of Conduct</p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the	Compliant	The policies and programs for the protection and fair treatment of company's stakeholders are stated in	

fair treatment and protection of stakeholders.		the Code of Conduct and Manual on Corporate Governance.	
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	<p>Posted at the website the designated phone number or email address and a designated person has been responsible to receive such communication, either by call or email.</p> <p>Further, the company has a whistleblowing policy, practices and procedures for stakeholders.</p> <p>Link/reference: Complaint Form Whistleblowing Policy</p>	
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	<p>Link/reference: Corporate Governance Manual Code of Conduct Sustainability Report/CSR</p>	
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	<p>Link/reference: Corporate Governance Manual Code of Conduct</p>	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The board disseminated the policy and program to employees across the organization through their respective department head as well as the posting at the company's website.	
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	In 2022, no reported or any illegal or unethical practices committed by employees, officers or directors. Link/reference:	
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	Corporate Governance Manual Code of Conduct Whistleblowing Policy	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Link/reference: Corporate Governance Manual Code of Conduct Whistleblowing Policy	
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	Link/reference: Corporate Governance Manual Code of Conduct Sustainability Reporting/CSR	

advancement of the society where it operates.			
---	--	--	--