



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2020-72
Date:	13 June 2020
Amending:	None

CIRCULAR LETTER

**TO ALL INSURANCE/REINSURANCE COMPANIES,
INSURANCE AND REINSURANCE BROKERS, MUTUAL
BENEFIT ASSOCIATIONS, PRE-NEED COMPANIES AND
HEALTH MAINTENANCE ORGANIZATIONS**

**SUBJECT : SUBMISSION OF THE ANNUAL CORPORATE
GOVERNANCE REPORT (ACGR)**

WHEREAS, the Annual Corporate Governance Report (ACGR) aims to assess all Insurance Commission Regulated Companies' (ICRCs) observance of different principles and recommendations of the Insurance Commission's Code of the Corporate Governance.

WHEREAS, the Philippine Government and the World Bank (WB) signed a Development Policy Loan (DPL) to support the Philippines in promoting competitiveness, enhancing fiscal sustainability and strengthening financial resilience to natural disasters and climate change.

WHEREAS, in the DPL, the Insurance Commission (IC) is in-charge of *Objective 8: Improve private insurance market sustainability for natural disasters and climate change*.

WHEREAS, a *Memorandum of Understanding (MOU)* dated 28 January 2020 has been signed among Philippine Insurers and Reinsurers Associations (PIRA), National Reinsurance Corporation of the Philippines (NatRe) and the Insurance Commission (IC) to cooperatively strengthen catastrophe resilience in the Philippines.

WHEREAS, all non-life insurance and professional reinsurance companies need to provide additional information on the companies' policies and programs on its participation in the Philippine Catastrophe Insurance Facility, if applicable, to be included in the submission of the ACGR.

NOW THEREFORE, pursuant to the powers granted to the Insurance Commissioner under Section 437 of the Insurance Code of the Philippines, as

amended, Section 6 of R.A. No. 9829, otherwise known as the Pre-Need Code of the Philippines, and Section 4 of Executive Order (E.O.) No. 192, Series of 2015, all ICRCs are mandated to submit an ACGR¹ subject to the following:

Section 1 - PERIOD OF SUBMISSION; WHERE SUBMITTED

All ICRCs² shall submit two (2) copies of a fully accomplished and certified under oath ACGR to the *Corporate Governance Unit* of the Commission. Initial submission shall be on or before 30 May 2021 based on the ICRC's 2020 operations. Subsequent submission of the fully accomplished and certified under oath ACGR to the IC shall be on or before 30 May of each year.

Section 2 — COVERAGE OF THE ACGR.

The ACGR shall cover all relevant information from January to December of the given year.

Section 3 — REQUIRED SIGNATORIES.

Copies of the ACGR that will be submitted to the IC shall be duly notarized and shall bear the original signatures of the following signatories:

- a. Chairman of the Board;
- b. President or Chief Executive Officer (CEO);
- c. All Independent Directors;
- d. Corporate Governance Compliance Officer; and
- e. Corporate Secretary.

Section 4 — UPLOADING OF ACGR IN THE COMPANY'S WEBSITE.

A. All ICRCs shall maintain a company website. The ACGR with accessible links shall be posted to the ICRCs' respective website within five (5) business days from submission to the IC.

B. Copies of supporting documents to ACGR responses shall also be posted to the ICRCs' respective websites. The documents to be posted in the company's website shall include:

- a. Latest Annual Report;
- b. Latest approved Annual Statements;
- c. Company announcements;
- d. Article of incorporation or association;
- e. Minutes of annual shareholder's meetings (or an excerpt of the said minutes);
- f. Corporate Governance Policies;
- g. Codes of Conduct;

¹ **ACGR Form as Annex A hereof.**

²Include insurance/reinsurance companies, insurance and reinsurance brokerage companies, mutual benefit associations, pre-need companies and health maintenance organization companies duly authorized by the Insurance Commission to conduct business.

- h. Sustainability reports;
- i. Updated list of members of Board of Directors and Executive Officers; and
- j. Other supporting document to the ACGR responses.

Section 5. - GENERAL INSTRUCTION IN ANSWERING THE ACGR

A. Use of the ACGR

The ACGR Form shall be used as a tool to disclose ICRCs compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for ICRCs, which follows the "comply or explain" approach. If a company cannot comply with the Code, it must identify any areas of non-compliance, explain the reasons, and provide action plan to address non-compliant areas.

The ACGR shall contain the descriptions and explanations written in plain language and in a clear, complete, objective and precise manner, so that shareholders and other stakeholders can assess the company's governance framework.

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/ POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as "Recommendations", which were derived from the CG Code for ICRCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice.</p>	<p>The ICRCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>**"Not Applicable" or "None" shall not be considered as</p>

			sufficient explanation
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C. Signature and Filing of the Report

1. Two (2) copies of a fully accomplished ACGR shall be filed with the Insurance Commission on or before May 30 of the following year;
2. Each copies of the ACGR shall be duly notarized and shall bear the **original and manual** signatures;
3. The ACGR shall be certified under oath by: (1) Chairman of the Board; (2) CEO or President; (3) All Independent Directors; (4) Corporate Governance Compliance Officer; and (5) Corporate Secretary;

The ACGR shall cover all relevant information from January to December of the given year.

Section 8 — SPECIAL PROVISION FOR NON-LIFE INSURANCE AND PROFESSIONAL REINSURANCE COMPANIES.

All non-life insurance and professional reinsurance companies are mandated to provide additional information on the companies' policies and programs on its participation in the Philippine Catastrophe Insurance Facility, if applicable.

Section 9 — IMPOSABLE PENALTIES.

The imposable penalties are as follows:

VIOLATION	BASIC PENALTY	MONTHLY PENALTY
1. Non/ Late Submission of two (2) copies of ACGR to the Insurance Commission	PhP50,000.00	PhP5,000.00
2. Disclosure(s)		

a. Incomplete (i.e. no explanation provided; no alternative practices to achieve over-all principle)	PhP25,000.00	PhP2,500.00
b. Misrepresentation/ Misinformation	PhP100,000.00	PhP10,000.00
3. Signatories		
a. Incomplete	Php10,000.00	PhP1,000.00
b. Incorrect		
4. Failure to maintain company's website	1st violation: PhP25,000.00 2nd violation: PhP50,000.00 Succeeding violations: PhP100,000.00	None
5. Non/ late posting of ACGR with accessible link to the company's website	PhP50,000.00	PhP5,000.00
6. Non/ late posting of the ACGR supporting documents to the company's website	PhP10,000.00 per document	PhP500.00

Section 10 — OVERSEEING UNIT.

The Corporate Governance Unit shall ensure compliance with this Circular.

Section 11 — EFFECTIVITY.

This Circular Letter shall take effect immediately.

DENNISFUNA

Insura Commissioner



ANNUAL CORPORATE GOVERNANCE REPORT OF

PHILIPPINE BRITISH ASSURANCE COMPANY, INC.

1. For the calendar year ended 2020
 2. Certificate Authority Number-2019/41-R
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 3. Philippines
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 4. Penthouse , Morning Star Center Bldg 347 Sen. Gil Puyat Ave. Makati City
Postal Code 1900
.....
 5. (63) 8890 4051 to 57
 6. www.philbritish.com
.....
 7. None
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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 1,1111W			MIN. 1IP
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	K. -Summary of Academic Qualifications Training/Seminars Attended
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	K. - Biographical Data of the Board of Directors.
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	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of	D. - Corporate Governance Manual-Plan of Compliance p.4 (2.1.3) Qualifications of Directors
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Identify or provide link/reference to a document identifying the directors and the type of their directorships	H. -Please refer to Summary list of Non-Executive Committee – 5 Members C. - Executive Directors – 2 Members please refer to General Informations Sheet –(GIS)
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	Provide link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on training of directors.	D. -Manual on Corporate Governance page.10 2.1.17.1 Information and Professional Development

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	D. - Manual on Corporate Governance page 10 2.1.17.1 Information and Professional Development Note: C.- GIS - No newly appointed Board of Director
3. Company has relevant annual continuing training for all directors.	Compliant		D. - Refer to Corporate Governance Manual page 10 2.1.17.1- to attend seminars /trainings, however due to Corona Virus pandemic it was withheld. seminar depends on the availability of the course offered
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	C.-1.GIS 2020-2021 page 4- 3 Female Directors, 4 Male Directors – C.- Refer to Summary list of Work Diversity of BOD. E. - 2.Code of Business Ethic and Compliance Item II –A Workforce Diversity and Refer to GIS
Recommendation 1.			
1. Board is assisted in its duties by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	C.-GIS 2020 p.4 –Item 3 Peter-Joey B. Usita, Biographical Data of Peter Joey B. Usita B.- By-Laws Article VI Section 8 –Corporate secretary
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		D.- Corporate Governance Manual Pages 2 and 11
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		C. - GIS 2020- p4 Item 3 Peter-Joey B. Usita Corporate Secretary.
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	K. - The Corporate Secretary is a Litigating Lawyer. By profession, as a practicing lawyer, Atty. Usita is knowledgeable in the rules of law, including Corporation Code and Code of Business Ethics and Compliance. Refer to Biographical Data of Atty. Usita

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant		K.-Bio-data of Marcelina F. Valles appointed Compliance Officer., Senior Financial Consultant ICD Certificate of Attendance – Professional Directors Program June 2013
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	K. - Secretary's Certificate of the newly appointed Compliance officer.
3. Compliance Officer is not a member of the board.	Compliant		C.- GIS 2020 – p 4 not a member of the board List of the Board and Board Committees
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	K.- Certificate of Training New Compliance Officer attended the seminar for Corporate Governance and Independent Director sponsored by ICD.

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	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	D. - Corporate Governance Manual -Pages 1-5, 9 - 19-10, 17 - Introduction, Vision, Mission, Values, Code of Conduct, Oversight , Qualifications and Disqualifications, Duties and Responsibilities, Conflict of Interest
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	E.- Code of Business Ethics and Compliance p.8 - 9 Section III – ERM, ERM Framework, Risk Management Strategy, Key Objectives and D Risk Management Approach
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	Indicate frequency of review of business objectives and strategy	E.- Code of Business Ethics and Compliance p.8-9 Section III –Enterprise Risk Management Items – A, B, C and D

Recommendation 2.			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	N.- President & CEO – Rosario W. Cuyegkeng and Executive Vice -President and COO – Ian Philippe W. Cuyegkeng N.-Philippine British Assurance Company, Inc. is a Registered Controlled Insurers – please see IC Letter dated March 10, 2020
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and its implementation	H.- Charter of Non-Executive Committee –p 2 Item A – Succession Management, Succession Planning Appointment of Executive Vice-President and COO, Mr. Ian Philippe W. Cuyegkeng
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		H.- Charter of Non-Executive Committee –p 2 Item A – Succession Management, Replacement n Planning Corporate Governance Manual – p. 8-9,Resignation, Removal, Resignation
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	G.- Manual for Executive Committee – p.4 By-Laws Section 10 – Compensation; D.-Manual on Corporate Governance – p.9 Compensation B.-(Article IV of By-Laws) 2.1.15,D.- , Corporate Governance Manual- p. 15 Remuneration Committee
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant		D.-Manual on Corporate Governance-p.9 Compensation and p.14 Remuneration Committee function and key responsibilities.(2.2.2)
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		G.-Manual on Executive Committee –p.4 Section 10 Compensation – Remuneration received as may be determined by the Board of Directors. D.-Manual on Corporate Governance – p.9 2.1.15 Compensation and p. 14 2.2.2. Remuneration

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's 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 nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board. Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	D.-Manual on Corporate Governance p. 3 – General Powers, p. 4- 2.1.2 Number, Qualification and Term of Office
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		B. -By-Laws –Article IV-2.1.1 General Powers; p.4- 2.1.2 Number, Qualifications and Term Office p.5 2.1.5 Election of Directors
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant		D.- Manual on Corporate Governance p.20 – 21 Rights of Investors/Minority Interest; 2.1 Right to Information
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		D.- Manual on Corporate Governance p.5 - 2.15 Election of Directors
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		D.- Manual on Corporate Governance–p. 5–2.1.5 Election of Directors; p.8-2.1.12-13 Resignation, Removal of Directors; Manual on Non-Executive Committee p.2 A. Replacement Planning.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		E.- Code of Business Ethics and Compliance–Item III – Enterprise Risk Management p.7-8 ERM Framework, B.Risk Management Strategy, C. Key Objectives, D. Risk Management Approach.
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	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	J.- Manual of RPT Committee – P.1 Related Parties – Defined; p.2 –Guidelines in Ensuring arm's length terms
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee <u>fairness and transparency of the transactions.</u>	Compliant	Identify transactions that were approved pursuant to the policy.	J.- Manual on RPT Committee–p.2 Duties and responsibilities of the RPT Committee – Oversight on behalf of the Board. , Guidelines in ensuring arm's length transactions.
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		J.- Manual on RPT Committee – p. 3 Item IV – The Chairman; V – Roles of Senior Manager and Self-Assessment Function

<p>Recommendation 2.8</p> <p>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).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed.</p>	<p>D.- Manual on Code of Ethics – p. 8-9 Item III – Enterprise Risk Management; Item III – ERM Framework; Risk Management Strategy, Role of Non-Executive Directors page 2-3 Performance Evaluation & Mechanism</p>
<p>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).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>E.- Manual on Code of Ethics – p.8-9-6 B – Risk Management Strategy; Key Objectives and Risk Management Approach</p> <p>H.- Role of Non-Executive Directors – p.2-3 Performance Evaluation</p>
<p>Recommendation 2.9</p>			
<p>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.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>D.- Manual on Corporate Governance – p. 2 Item II – Corporate Governance Structure; Oversight</p>
<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.</p>	<p>Compliant</p>		<p>E.- Manual of Business Ethics and Compliance – p.1 - 2 ,Item 1 – Business Conduct and statement; B.- Purpose; C.- Scope D -Values and E- Complying with Laws and Policies</p>

<p>Recommendation 2.10</p> <p>1. Board oversees that an appropriate internal control system is in place.</p>	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	I.- Manual of Audit and Compliance Committee – p.1 Overall purpose and Objective . D.-Manual on Corporate Governance – p.19 Internal Control.
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	Compliant		D.- Manual on Corporate Governance – p.17 Item III Management Responsibility –A- Conflict of Interest
<p>3. Board approves the Internal Audit Charter.</p>	Compliant	Provide reference or link to the company's Internal Audit Charter	I.- Manual on Audit and Compliance Committee pages 1-6 . The last page – duly signed by the members of the Board of Audit and Compliance Committee.
Recommendation 2.11			
<p>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.</p>	Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	E.- Manual on Business Code of Ethics and Compliance – p. 7 Item III- ERM Framework and b) Risk Management Strategy
<p>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.</p>	Compliant	Provide proof of effectiveness of risk management strategies, if any.	E.- Management on Business Code of Ethics and Compliance – P 7-8 Risk Management Strategy and Risk Management Approach.
Recommendation 2.12			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.</p>	Compliant	Provide link to the company's website where the Board Charter is disclosed.	D.- www.philbritish.com Manual on Corporate Governance –p.2 Corporate Governance Structure; Oversight ; p.9 –Duties and Responsibilities of the Directors; p. 18 Item V- Financial Reporting/Transparency and Internal Control; p.19
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	Compliant		D.- Manual on Corporate Governance p. 9 Duties and responsibilities of the Directors.
<p>3. Board Charter is publicly available and posted on the company's website.</p>	Compliant		D.- Manual on Corporate Governance p. 19 -20 Public Accountability- www.philbritish.com -look for About Us – Corporate Governance

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.

Recommndation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	D.- Manual on Corporate Governance p.13 – 17 Item 2.2 Board Committees and duties and Responsibilities of different committees, i.e, remuneration ,audit, internal auditor and external auditor
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	I.- Manual on Audit and Compliance Committee Charter – pages 1-3 Items 1. Overall Purpose/Objective 2. Authority 3. Organization 4. Meetings 5. Roles and Responsibilities. I.- It is the Audit Committee who is authorized to select and approve the engagement of the external auditor – Ref. Manual on Audit Committee p. 5 Selection of External Auditor.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	I.- Manual on Audit and Compliance Committee Charter – p. 1 Board Members and p.6 Signed copy by the Board Members of Audit and Compliance Committee. C.-List of Members of Board of Directors and Executive Officers, please see attached List of Directors and Officers of PBAC
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	C.- Reference to Biographical Data of the Board members and Summary of Educational Degree/Course <ul style="list-style-type: none"> • Jose. Z. Clemente • Dianne Lynn Baysac Natividad • Ernest Kenneth S. Cuyegkeng • Christopher Karl W. Cuyegkeng
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	C.- List of Members of of Board of Directors, B oard Committees and Executive Officers Biographical data – Jose Z. Clemente I.- Audit and Compliance Committee Charter

Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	D.- Manual on Corporate Governance , p.14 – 17 Item 2.2 Board Committees ; 2.2.1.- Corporate Governance ; Duties and Responsibilities, Remuneration and Audit Committee D.- Manual on Corporate Governance p. 2-3 item ii Corporate Governance Structure and Oversight .
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	D.- Manual on Corporate Governance p.1 and 6- there are 5 members of the Executive Committees. List of Members of Board of Directors and Executive Officers; K.- Refer to Biodata of the 5 members of BOD for Corporate Governance
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	D.- Manual on Corporate Governance –p. 1 the Chairman of the Board – Nelia D. Wongchuking – is not an Independent Director –refer to p. 1 Board Members of the Corporate Governance. (C.- General Information Sheet and K.-Biographical Data
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	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	D.- Manual on Corporate Governance –p.1- 2 Oversight composed of 5 Board Members E. Manual on Business Code of Ethics and Compliance – p. 7-8 Item III Enterprise Risk Management- . B) Risk Management Strategy. C) Risk Management Approach
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	D.- Manual on Corporate Governance –p. 2 Oversight composed of 5 Board Members (p. 1 Introduction
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the BROC	C.- Refer to List of Members of Board of Directors and Executive Officers. Or Summary of the list of Board and Board Committees

4. At least one member of the BROC has relevant thorough knowledge and on risk and risk management.	Compliant	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	K.- Biographical Data of Atty. Dianne Lynne Baysac Natividad
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	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions. Provide information or link/reference to	J.- Manual on RPT Committee p. 2-3 Item II Duties and Responsibilities; Guidelines in ensuring arm's length terms.
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	J.-Manual on RPT Committee – p.1 Board Members of RPT Committee Non- Executive Directors namely: Dianne Lynne Baysac Natividad,
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	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	J.- Manual on Corporate Governance –Oversight Committee p. 2 Manual on RPT Committee – p. 2 Duties and Responsibilities and Guidelines in Ensuring arm's length terms Manual on Audit and Compliance Committee p.1 Overall purpose
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		I.- Manual on Audit Committee p. 5 Compliance with Laws and Regulations and E,-Code of Ethics
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed.	Website: www.philbritish.com

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.

<p>Recommendation 4.1</p> <p>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.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>B.- By-Laws – Article III Section 2 Annual Meetings, Sec. 3 Special Meeting; Article V – Sec. 6, Organizational Meeting, Sec. 7 Regular Meeting, Sec. 8 Special Meeting Sec. 9 Teleconference Meeting</p> <p>D.- Manual on Corporate Governance – p. 7 Item 2.1.9 Regular Meeting; Item 2.1.10 Special Meeting Item 2.1.11 – Teleconferencing or Video Conferencing</p>
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	Compliant		<p>D.- Manual on Corporate Governance – p. 9-10 Item 2.1.16 Duties and Responsibilities of Director</p>
<p>3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p> <p>Recommendation 4.2</p> <p>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.</p> <p>Recommendation 4.3</p> <p>1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/ explanation sought by the directors.</p> <p>Disclose if the company has policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p> <p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p>	<p>M.- The minutes of the Annual Stockholder's Meeting</p> <p>C.- Refer to List of Board Committees /Corporate Governance Manual -page 11 Multiple Board Seat – limit to three membership in other corporate boards.</p> <p>PBAC is not publicly listed company.</p> <p>N.- The organizational structure of PBAC as approved by the Insurance Commission and registered "Controlled Insurer", majority of the Board of Directors came within the Family of Cuyegkeng and Wongchuking. Biographical Data of the Board of Directors –</p>

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	Provide information or link/reference to a document containing information on the number of independent directors in the board.	C.- List of the Board and Board Committees C.- General Information Sheet Two (2) Independent Director out the 7 current Board Member or equivalent to 28.6%
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	K.- Linked to Biographical data of: Jose Z. Clemente and Atty. Dianne Lynn Baysac Natividad.; Manual on Non-Executive Committee p. 3 Independent Director Professional Conduct Roles and Responsibilities
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	Provide information or link/reference to a document showing the years IDs have served as such.	K.- Biographical data of Jose Z. Clemente and Atty. Dianne Lynn Baysac Natividad C.- General Information Sheet (GIS) – 2020 p.4 Jose Z. Clemente was appointed an Independent Director in Year 2019.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	K.- Jose Z. Clemente and Atty. Dianne Lynn Baysac Natividad have not exceeded the nine (9) terms as an Independent Director. GIS 2020 and 2021. Per CL 2018-36 p. 4 the maximum cumulative

<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>Compliant</p>	<p>Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.</p>	<p>K.- and C.- The two (2) Independent Directors have not exceeded the term of nine years, and therefor has not seek approval to extend the services as Independent Director. Refer to General Information Sheet 2020 and 2021.</p>
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer.</p>	<p>C.- Refer to List of the Board, Board Committees and Officers of PBAC Chairman of the Board: Nelia D. Wongchuking President & CEO - Rosario W. Cuyegkeng</p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p>	<p>B.- By- Laws Article VI – Section 6 Chairman and Section 7 –President/CEO Manual on Corporate Governance – p. 11-12 Item 2.1.19 Chairman and Item 2.1.20 President & CEO</p>
<p>Recommendation 5.5</p>			
<p>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.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p>	<p>C.- General Information Sheet – p.4 Chairman of the Board – Nelia D.Wongchuking (not an Independent Director) Independent Director – Jose Z. Clemente Independent Director – Atty. Dianne Lynn Baysac Natividad</p>
<p>Recommendation 5.6</p>			
<p>1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.</p>	<p>Compliant</p>	<p>Provide proof of abstention, if this was the case.</p>	<p>No incident occurred affecting material transaction. PBAC is a Family Corporation and majority of the directors are family members. Refer to Manual of Corporate Governance p. 2 Corporate Governance Structure.</p>

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.	Compliant	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	H.- The Non-Executive Committee had an annual meeting with the external auditors with the Head of Finance and Internal Auditor. Agenda of the meeting was the presentation of the Annual year-end Financial Report. Refer to Year-End Audited Financial Report. Refer to the Charter of Non Executive Committee.
2. The meetings are chaired by the lead independent director.	Compliant		K.- The meeting was chaired by one of the Independent Director –Atty. Dianne Lynne Baysac
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 competences.			
1. The Board conducts an annual assessment of its performance as a whole.	Compliant	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman and the Committees.	H. Charter for Non-Executive Committee – pages 2-3 Performance evaluation of the Independent Director, Evaluation mechanism and the PBAC Performance evaluation form.
2. The performance of the Chairman is assessed annually by the Board.	Compliant		H. Charter for Non-Executive Committee – pages 2-3 Performance evaluation of the Independent Director, Evaluation mechanism and the PBAC Performance
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant		H.- Charter for Non-Executive Committee – pages 2-3 Performance evaluation of the Independent Director, Evaluation mechanism and the PBAC Performance evaluation form.
4. The performance of each committee is assessed annually by the Board.	Compliant		H. Charter for Non-Executive Committee – pages 2-3 Performance evaluation of the Independent Director, Evaluation mechanism and the PBAC Performance
5. Every three years, the assessments are supported by an external facilitator.	Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	CH. Hcharter for Non-Executive Committee – pages 2-3 Performance evaluation of the Independent Director, Evaluation mechanism and the PBAC Performance evaluation form.

Recommendation 6.2

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	H.- Charter for Non-Executive Committee page 2 -3 Performance Evaluation of Independent Director, Professional Conduct
2. The system allows for a feedback mechanism from the shareholders.	Compliant		H.-Charter for Non-Executive Committee – pages 2-3 Performance evaluation of the Independent Director, Evaluation mechanism and the PBAC Performance

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	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	E.- Manual on the Code of Business Ethics and Compliance p. 1 Item c.-Scope of the Business Ethics; p. 2 – Item d - Values and e – Complying with Laws and Policies
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	E.- Manual on Business Code of Ethics and Compliance p. 1-2 Item c- Scope and (d-) Values.
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	The Company website: www.philbritish.com

Recomendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	E. Manual on Code of Business Ethics and Compliance p. 2 Complying with Laws and Policies
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	E.- Manual on Code of Business Ethic and Compliance p. 1 Item C) Scope ; The Code applies to all employees of Philippine British Assurance Co., Inc. The Scope of this Code of Business Ethics is to provide high quality of service to the “customers”.
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	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	D.- Manual on Corporate Governance p. 19 – 20 Public Accountability
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	K.- Refer to Biographical Data of the Board of Directors and summary list of the Board of Directors and Educational Degree/Course

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	D.- Manual on Corporate Governance p. 18 Item V- Financial Reporting/Transparency and Internal control; Biographical data of Board of Directors and General Information Sheet
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	D.-Manual on Corporate Governance p. 15 Remuneration Committee; Key Responsibilities of i the Remuneration Committee; E.- Charter of Executive Committee – p.4 Compensation and Indemnification of Directors and Officers
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.	Compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	G.- Manual on Executive Committee p. 4 Section 10 – Compensation and Indemnification of Directors and Officers
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	D.- The Company do not provide the breakdown of director's remuneration and executive compensation for the President & CEO, because of confidentiality.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	J.- Manual on RPT Committee p. 1 -2 RPT transactions transactions/dealings as enumerated, p.2 Duties and responsibilities and guidelines in ensuring arm's length transaction. In case of conflict of interest refer to Code of Business Ethics p.4 Item I. Conflict of Interest.

<p>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.</p>	<p>Compliant</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of transaction; 5. Amount or contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. Other terms and conditions. 	<p>P.- No related party transaction reported in the Audited Financial Statement for the year ended December 31, 2020 and 2019.</p>
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>Provide to the company's website where the Manual on Corporate Governance is posted.</p>	<p>The website of the Philippine British is www.philbritish.com.</p>
<p>2. Company's MCG is posted on its company website.</p>	<p>Compliant</p>		<p>The website of PBAC is www.philbritish.com</p>
<p>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.</p>			

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	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	I.- Manual of Internal Audit Committee p. 5 Selection of External Auditor
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	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	D.- Manual on Corporate Governance p. 15 Item 2.2.3 Duties and Responsibilities of Audit Committee and p. 16 Item 2.2.5 External Auditor.
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	D.- Manual on Corporate Governance p. 2.2.5 External Audit and Manual on Code of Business Ethics p. 5 Selection of External Audit
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> 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	Provide link/reference to the company's Audit Committee Charter.	D- Manual on Corporate Governance p. 15 -16 Duties and Responsibilities of Audit Committee ; 2.2.4 Independence of Internal Auditor 2.2.5 External Auditor ; I.- Manual of Audit and Compliance Committee p.5 Selection of External Auditor. P.- For Years 2020 and 2019 – the Company engaged the services of R.R. Tan & Associates. CPA's with office address: Unit 1705, Antel Global Corporate Center, Dona Julia Vargas Avenue, Oritgas Center Pasig City
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	Provide link/reference to the company's Audit Committee Charter.	I.- Manual of Internal Audit and Compliance Committee p. 5 Selection of External Auditor P.- Engaged the services of R.R.Tan & Associates, CPA'

Recommendation 9.3			
.1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	D.- Manual on Corporate Governance p. 16-17 External Audit and I.- Manual on Internal Audit Committee p5. Selection of External Auditor item 4.18
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	Provide link or reference to guidelines or policies on non-audit services.	I.- Manual on Audit and Compliance Committee Charter p. 3 –Conflict of Interest
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 sustain ability.	Compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	F.- Refer to Community and environment – Corporate Social Responsibility (CSR) Manual on Code of Business Ethics p.4 Community Service
. 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used.	F.- Refer to Community and environment – Corporate Social Responsibility (CSR) E.- Manual on Code of Business Ethics p.4 Community Service

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

<p>1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.</p>	<p>Compliant</p>	<p>Disclose and identify the communication channels used by the company (i.e.. website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p>	<p>PBAC website: www.philbritish.com – About Us</p>
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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

<p>. 1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system.</p>	<p>i.- Manual on Audit and Compliance Committee Charter p.1-Overall Purpose/Objective Item 2. Authority, Item 4 Meetings</p>
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Identify international framework used for Enterprise Risk Management.</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>E,- Manual on Code of Business Ethics and Compliance p.8 – 9 Enterprise Risk Management, ERM Framework, ERM Strategy, Key Objectives and Risk Management approach</p>
<p>Recommendation 12.2</p>			
<p>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.</p>	<p>Compliant</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p>i.- Manual on Audit and Compliance Committee p.3 Item 4 Roles and Responsibilities of Internal Auditor The Internal Audit Department function of audit is "In-House".</p>
<p>Recommendation 12.3</p>			
<p>1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	<p>C.- LIST OF PBAC Officers and Committees, PBAC has an Internal Audit Department composed of two newly hired Internal Auditor with work experience from an Auditing firm , assigned to audit branches., Outsource of Internal Audit -engaged the services of Diaz,Murillo</p>
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>		<p>I.- Manual on Audit and Compliance Committee Charter – p. 3 Roles and Responsibilities</p> <p>Outsourced to Diaz Murillo Dalupan and Company with office address: Don Jacinto Building, Dela Rosa cor. Salcedo Vil. Makati City</p> <p>Website: www.dmdcpa.com.ph</p>

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Identify qualified independent executive or senior management personnel, if applicable.	C.- List of PBAC Officers and Committees -nternal Audit Supervisor – Roxanne E. Purganan – CPA assigned for review of the internal audit report and make recommendations for the audit findings to the President and the Audit Committee. The outsource of internal audit were engaged for selected branches only upon the request of the management.
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.	C.- The ERM ultimate champion is the President with the Senior Management –Refer to List of Senior Management Committee
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	E.- The President & CEO with the other Senior Managers has adequate authority to fulfil the Risk Management Strategy refer to Code of Business Ethics and Compliance p.5 Enterprise Risk Management –Item B- Risk Management Strategy; biographical data of Rosario W. Cuyegkeng
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant		E.- Manual on Code of Business Ethics and Compliance p.7 Risk Management Approach
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably,		and also recognize, protect and facilitate	the exercise of their rights.
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	D.- Manual on Corporate Governance p. 20 – 22 Shareholder's Benefits; Investors' Rights and Protection, Power of Inspection, etc.
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website	PBAC website: www.philbritish.com look for ABOUT US -Corporate Governance
Recommendation 13.2			

<p>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.</p>	<p>Compliant</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement</p>	<p>B.- By-Laws Article III - Meetings of Stockholders - Section 4 Notice of Meetings are transmitted at least seven (7) days before the date of the meeting.</p> <p>L. Notice of Stockholder's meeting</p>
<p>Recommendation 13.3</p>			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>PBAC website : www.philbritish.com</p> <p>M.-Minutes of the Annual Stockholders Meeting</p>
<p>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.</p>	<p>Compliant</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p>	<p>B.- BY-LAWS Sec. 4 -Notice of the Meeting are transmitted within seven (7) days. Minute of Annual Stockholders Meeting posted at PBAC website: www.philbritish.com</p>
<p>Recommendation 13.4</p>			

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	D.- Manual on Corporate Governance – p.17 -18 Item III Management Responsibility and Accountability’ – A, Conflict of Interest ; B. – Communication
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance.	D.- Manual on Corporate Governance p/. 17 Conflict of Interest
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	D.- Manual on Corporate Governance p. 2 Item II- Corporate Governance Structure, Oversight, p.20 Item VII – Shareholder’s Benefits , Investor Right and Protection, p. 21 –Rights to Information, Rights to Dividends
Recommendation 14.			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Identify policies and programs for the protection and fair treatment of company's stakeholders.	D.- Manual on Corporate Governance p. 2 Item II- Corporate Governance Structure, Oversight, p.20 Item VII – Shareholder’s Benefits , Investor Right and Protection, p. 21 –Rights to Information, Rights to Dividends and p. 22 Monitoring and Assessment and Responsibility for Good Governance.
Recommendation 14.3			

<p>. 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.</p>	<p>Compliant</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders.</p>	<p>C.- List of Board of Directors and Senior Management Rosario W, Cuyegkeng – President & CEO Email address: rwuyegkeng@philbritish.com</p> <p>I.- Manual on Internal Audit and Compliance Committee p. 5 Compliance with Laws and Regulations and Code of Ethics</p>
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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

<p>. 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.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p>E.- Manual on Code of Business Ethics and Compliance p.1 –Business Ethics and Conduct Statement , Purpose, Scope -p. 2 Values , Complying with the Laws and Policies p.3 Customer Information and Advice</p>
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Recommendation 15.2

<p>. 1. Board sets the tone and makes a stand against corrupt practices by adopting an anticorruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.</p>	<p>E.- Manual on code of Business Ethics and Compliance p.5 -6 Risk Awareness and Training, Detection, Reporting and Investigation and Reporting Process</p>
<p>.2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>Identify how the board disseminated the policy and program to employees across the organization.</p>	<p>E.-Manual on Code of Business Ethics and Compliance p. 5 Risk Awareness & Training; Detection, Reporting & Investigation</p>

Recommendation 15.3

<p>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.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes</p>	<p>Manual on Code of Business Ethics and Compliance p. 6 Whistle Blowing Policy</p>
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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	procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.	E.- Manual on Code of Business Ethics and Compliance p.67 - 8 Whistle Blowing Procedures
. 3.Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	E.- Manual on Code of Business Ethics and Compliance p. 6- 8 Whistle Blowing Policy/HR/ERM Team, Basis of Whistle Blowing

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

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 advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	E.- Manual on Code of Business Ethics and Compliance – p. 5 Community and Environment. Reference: Publication on the activities of Community Service Relationship (CSR)
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CERTIFICATION

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of _____ on the _____ of _____ 20

CHAIRMAN OF THE BOARD
Signature over printed name

PRESIDENT/CEO
Signature over printed name

CORPORATE SECRETARY
Signature over printed name

**CORPORATE GOVERNANCE
COMPLIANCE OFFICER**
Signature over printed name

INDEPENDENT DIRECTOR
Signature over printed name

INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20_____, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

	NAME	ID NO.	DATE/ PLACE ISSUED
1.			
2.			
3.			
4.			
5.			
6.			

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Series of 20 _____