

PHILIPPINE BRITISH ASSURANCE COMPANY, INC.
CODE OF BUSINESS ETHICS AND COMPLIANCE

The following Board Members constitutes the Executive Committee:

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|-------------------------|---------------------------------|
| • Chairman of the Board | - Nelia D. Wongchuking |
| • President | - Rosario W. Cuyegkeng |
| • Independent Director | - Jose Z. Clemente |
| • Independent Director | - Dianne Lynne Baysac Natividad |
| • Director | - Ian Philippe W. Cuyegkeng |

I. Introduction

A. Business Ethics and Conduct Statement

The business ethics and compliance of the company is based upon trust which we strive to do the right thing by its customers (including brokers, agents, other intermediaries and end customers), its people, its shareholders and the communities in which we work (including regulators, government and the public at large).

Such trust depends essentially on the personal conduct and capability of our employees, managers and executive board members ("Employees") and their desire to jointly create value for our customers, as well as our shareholder.

B. Purpose

This Code outlines a range of business ethics and standards of conduct. Given the breadth of our operations and the different legal and regulatory requirements that apply to our operations, this Code does not summarise all the company's policies and guidelines or laws that apply to our business. Employees must exercise good judgement and common sense in line with this Code.

C. Scope

This Code applies to all employees of Philippine British Assurance Company, Inc.

1. Give fair and proper considerations and appropriate priority to the interests and requirements of all clients. Obtain and provide relevant information, including all necessary documentation, maintaining the confidentiality of information;

2. The Company aims to keep its promises to its customers and its employees. PBAC employees are respectful, professional, considerate and act with honesty and integrity.
3. Act at all times with due skill, care and diligence. Act only within the limits of personal competence and any limits of authorization.

D. Values

1. Act in a financially honest and prudent manner, including ensuring the protection of any money and/or property held on behalf of clients;
2. Act openly, fairly and respectfully at all times, providing all clients with due respect, consideration and opportunity;
3. Be honest and trustworthy with clients and communicate with them in a clear, concise, prompt and appropriate manner;
4. Provide suitable and objective recommendations to clients.

E. Complying With Laws and Policies

1. Comply with all laws and regulations regarding the insurance products and services offered to clients.
2. Employees must comply with all laws, rules and regulations the Company operates as well as with the internal directives and in policies communicated to them.
3. Ensure they deal with regulators in an open, transparent and co-operative manner and comply with any requirements.
4. The Company also requires employees to comply with all policies in operation within PBAC at any given time. Non-compliance may harm the company's reputation and/or lead to fines or other criminal or civil sanctions.
5. In their workplace, they must conduct themselves with honesty, fairness, dignity and integrity and should avoid any conflict between private and business interests. Beyond that they should take.

F. Non-Discrimination/Feedback learning Culture/Professional Development based upon Performance and Potential

The Company does not tolerate discrimination or harassment in the workplace based on criteria such as age, disability, ethnic origin, gender, race, political attitude or worker's representative activities, religion or sexual orientation. PBAC fosters a learning culture in which feedback from all stakeholders is encouraged and appreciated. The main criteria for professional development are performance and potential employees.

G. Confidential Information, Protection of Client Data/Information, Information requests by Public Authorities

1. The safeguarding of client related data, in particular strict maintenance of the banking and insurance secrecy and compliance with applicable Data Protection legislation are important foundations for the trust of our client.
2. Confidential and share price sensitive information and records of the Company be it private or corporate clients or with regard to the affairs of Philippine British Assurance Company, Inc. or its employees must be kept secret in a suitable manner from colleagues who do not require such data to properly perform their tasks. This applies equally to third parties.
3. If someone without clear authority consistently tries to obtain confidential information, the involved employees must notify local Corporate Security or the Compliance function representative/officer.
4. The Company cooperates with all competent public and regulatory authorities. Relevant communication must be conducted only by duly authorized departments.

H. Customer Information and Advice

1. Employees of the Company must not either by their action or statement seek to mislead the market or clients.
2. When establishing a customer relationship or providing financial services to a client, appropriate care shall be taken that the customer receives information which is necessary for a reasonable decision by the customer be it as part of the product information or be it through the advising intermediary or producer.
3. Which information or advice is necessary depends on the service, the product and the expertise of the categories of clients involved, as well as the applicable market

standard. The same applies to whether and which information must be asked from the client as requirement for advice.

I. Conflict of interest

1. Avoid any conflict of interest between himself (including his company's and affiliations' interests) and his duties to clients;
2. Avoid conflict between any competing interests of one or more client(s), stepping aside in one or all matters if such conflicts cannot be resolved;
3. PBAC employees are expected to maintain high ethical standards and uphold the Company's reputation and report unethical or illegal behaviour
4. The Company is committed to ensuring that actual and potential conflicts of interest are identified and avoided, or in situations where they cannot be avoided, that they are appropriately managed. Potential conflicts of interest must be identified at the earliest reasonable opportunity. If they cannot be avoided, any conflict situation must be handled fairly.
5. The Company expects all employees to maximise their full working time and efforts to PBAC's interests and to avoid any activities and behaviours are further detailed throughout this Code. (e.g. outside employment, investments, gifts and entertainment).

II. EMPLOYEES

A. Workforce Diversity

The Company aims to create a workforce that is fair and inclusive and seeks to retain and attract the best people to do the job. PBAC recognises its talented and diverse workforce as a competitive advantage, believes in treating people with respect and dignity as an individual and as a part of this and does not tolerate unlawful acts of discrimination. The Company recognises workforce diversity as an organizational strength, understanding that drawing on a wide variety of capabilities, ideas and insights enhances decision-making quality and entrepreneurship. Equal employment opportunity is an important foundation of the Company's approach to work diversity.

B. Health and Safety

The Company aims to provide, so far as reasonably practicable, a safe and healthy environment for all employees and visitors. All employees and visitors should contribute to the health and safety of all persons in the workplace.

PBAC expects all employees, while at work, to take practical measures to:

- Ensure their health and safety and the health and safety of others;

- Become familiar, and comply, as far as they are reasonably able, with ABIC's health and safety policies and guidelines, and
- Ensure that potential or actual hazards and incidents are identified and reported.

C. Community and Environment

The Company is involved in an industry that seeks to play a role in conjunction with governments, individuals and organizations, in managing and reducing environmental risk. Employees must adhere to applicable laws on environmental and social issues and are encouraged to work towards integrating environmental and social considerations into our operations and business decisions.

The Company mirrors its insurance role in the community where PBAC is uniquely placed to assist people when they find themselves in need through accident or misadventure. The Company encourages its employees to take part in corporate social activities, to help PBAC deliver real and lasting benefits to communities in which we operate.

D. Risk Awareness & Training

Every employee should have a general awareness of fraud, bribery and corruption and how he or she should respond if such activity is detected or suspected. This could be heightened through a fraud, bribery and corruption awareness training on a regular basis to raise their overall awareness. The training should include:

- A clear definition of the types of behaviour which constitute fraud, bribery and corruption;
- The measures which are currently in place within the company to manage the risks of fraud, bribery and corruption;
- A reminder on the severity of such offences, as well as the consequences if an employee is found guilty of them; and
- An unequivocal statement that such practices will not be tolerated within the Company.

E. Detection, Reporting & Investigation

A developed detection and monitoring system should also be in place to increase the likelihood of detecting fraud, bribery or corruption within the Company. This includes:

- Identifying fraud, bribery and corruption risk indicators for the various areas of business – in the event that an indicator is triggered, a more in-depth investigation and follow-up actions should be taken;

- Post-transactional reviews by personnel unconnected with the business unit in which the transactions were effected; and
- Analysis of management accounting reports to identify suspicious trends.

F. Reporting Process

All employees must report all cases of fraud, bribery or corruption or any attempt to cover up such behaviour as soon as it is discovered without delay. These should be reported to their respective appointed Officers, who will then prepare an incident report for submission to the Management.

The incident report should, at the minimum, comprise the following details:

- Date of the incident;
- Name and identification of the alleged offender;
- Relationship between the offender and the company
- Brief description of the offence;
- Estimated amount involved in the offence; and the
- Recommended management action plan.

G. Whistle-blowing Policy

For the purposes of this policy, an incident is reportable if the misconduct by a person (or persons) connected with the Company, which, in the view of the whistleblower acting in good faith, is:

- Misappropriation of company's funds, including premiums collected;
- Receiving kickbacks/money in return for favours from intermediaries, suppliers, consultants, amongst others;
- Giving kickbacks/money to employees of clients, contractors, vendors, etc. in return for business contracts awarded;
- Fraudulently disposing assets of company without proper authorization, including salvage disposals;
- Colluding with others to cheat the company;
- Forging documents or signatures, including those of clients, intermediaries or staff;
- Engaging in illegal activities (including illegal drug use, threatened violence against another person);
- Unethical conduct (including sexual harassment); and
- Any other conduct which may be detrimental to the interests of the Company.

H. Executive Management

- Support and actively promote the reporting of all actual or suspected cases of inappropriate activity
- Provide the necessary support for employees or others who make such valid reports, whether they are subsequently proven true or not; and
- Ensure that the whistleblowing process is effectively implemented which acts as an effective deterrent to cases of inappropriate activity.

I. HR/ERM Team

Review and update the Whistleblowing Policy annually, or following a material change to the governance structure of the operation; and carry out regular refresher training to all employees on the whistleblowing process outlined in the policy.

J. All Employees

- Adhere to the Company's rules and regulations;
- Have a due responsibility to protect business assets, including information, goodwill and physical property;
- Be vigilant for any unusual signs and patterns which may suggest that inappropriate activity is taking place;
- Undertake regular refresher training conducted by the ERM team, and be familiar with the entire whistleblowing process;
- Adhere to the whistleblowing process set out in this Policy when reporting any cases of inappropriate activity.

K. Basis of Whistle blowing

- All employees have the duty and obligation to report while undertaking duties pertaining to their role. Employees, who come across an incident which they believe is either illegal or contrary to Company's guidelines, including the rules and regulations can report such an incident to management.
- All reports or complaints should be made in good faith and with the reasonable belief that inappropriate activity has occurred or may occur in the future.
- If the complaint is found to have been made maliciously or in bad faith, the employee who made the report will face appropriate disciplinary action from the Company. This is to avoid any undue injustice to any individual person.

L. Whistleblowing procedures

- All employees are required to report actual or suspected cases of inappropriate activity to their respective Department Heads, who will then prepare an incident

report for submission to the Executive Management and to the Board of Directors, respectively.

- In the case where the employee's Department Head is suspected to be involved in the inappropriate activity itself, the employee shall make a direct report to the President & CEO, who will then prepare an incident report in consultation with him or her for submission to the Board of Directors.
- The incident report should include full details of the alleged conduct and any relevant documents.

III. ENTERPRISE RISK MANAGEMENT

The Company maintains a robust culture of enterprise risk management. The employees are expected to be proactive in identifying and managing risks to PBAC assets and business. This include employees identifying risk gaps in their own areas of operation and creating action plans to eliminate or mitigate those risks. In order to do so, employees must be open and honest in assessing and reporting risk gaps and breaches of authority.

A. **ERM Framework** – provides a sound foundation for redressing uncertainty and volatility in business performance. It is supported by framework for each material risk class:

- i. Strategic Risk
- ii. Insurance Risk
- iii. Credit Risk
- iv. Liquidity Risk
- v. Operation Risk
- vi. Compliance Risk
- vii. Group Risk

Managing risk is a core strategic priority that is embedded in the performance goal of all executives and senior management. Staff are made to be aware of and receive regular engagement on managing risk or strategic priority.

The Company's strategic planning process consider factors such as market conditions, prior year results, business objectives, operational initiatives, financial targets and risk appetite which inform our annual business plan.

B. Risk Management Strategy


Our strategy of managing risk is to:

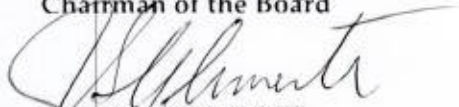
- Achieve competitive advantage by better understanding the risk environment in which we operate;

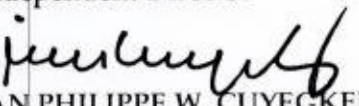
- Operate within our stated risk appetite and more effectively allocate capital and resources by assessing the balance of risk and reward; and
 - Avoid unwelcome surprises by reducing uncertainty and volatility through the identification and management of risks to the achievement of business objective.
- C. **Key Objectives** – of our approach to risk management are designed to support and meet the Company’s overall vision, values and strategy:
- Drive conscious and objective risk based decisions to optimized return;
 - Give confidence to the business to actively take appropriate risk ; and
 - Adopt leading practices and single ERM approach that allows more consistent and improved outcomes.
- D. **Risk Management Approach**
1. The Company policy is to ensure risk management remains embedded in the business and that the risk makers or risk takers are themselves the risk managers.
 2. Embedding a risk mind set in business planning and management process assist in keeping focus on the key objectives and identifying metrics required to monitor portfolio performance and improve initiatives.
 3. Regular reporting on performance against business plan, including action plans to correct adverse variances, is a fundamental control within the company.
 4. The Board of PBAC meets at least quarterly to review performance. Actual results are monitored and analysed regularly to identify adverse trends so that remedial action can be taken at an early stage.

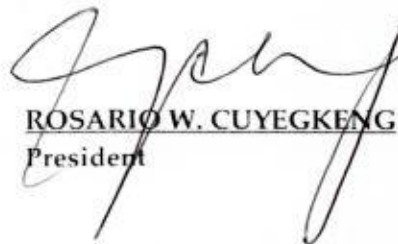
Sgd.

Corporate Governance Committee


NELIA D. WONGCHUKING
 Chairman of the Board


JOSE Z. CLEMENTE
 Independent Director


IAN PHILIPPE W. CUYEGKENG
 Director


ROSARIO W. CUYEGKENG
 President

DIANNE LYNNE BAYSAC NATIVIDAD
 Independent Director