

PHILIPPINE BRITISH ASSURANCE COMPANY, INC.
REVISED MANUAL ON CORPORATE GOVERNANCE
(CL No. 2020-71)

The following Board Members constitutes the Executive Committee:

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| • Chairman of the Board | - | Rosario W. Cuyegkeng |
| • President | - | Ian Philippe W. Cuyegkeng |
| • Director and VP Strategic
Projects & Investment | - | Christopher Karl W. Cuyegkeng |
| • Director | - | Ernest Kenneth S. Cuyegkeng |
| • Director | - | Vacant |
| • Independent Director | - | Jose Z. Clemente |
| • Independent Director | - | Dianne Lynne Baysac Natividad |
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I. INTRODUCTION

We, the Board of Directors and Management of PHILIPPINE BRITISH ASSURANCE COMPANY, INC. (the "Company") are committed to the highest standard of corporate governance nationwide. This includes the Board providing guidance and oversight to support ethical behavior, transparency and accountable decision making.

Our governance framework clearly defines the roles and responsibilities for effective oversight and management of related risk and opportunities at the Board and Senior Management level.

VISION

"To be the most trusted non-life insurance partner in the Philippines."

MISSION

To be the Filipino's insurer of choice by providing high quality service through formulating the most suitable insurance solutions and delivering claims services efficiently and fairly. We pledge to make our products accessible to both Filipino individuals and enterprises. We aspire to have a leading role in protecting the Filipino family and to be the country's most trustworthy insurer.

CORPORATE VALUES

Our Corporate Values are:

- Customer Focus
- Integrity

- Responsibility
- Collaboration
- Learning
- Excellence

CODE OF CONDUCT

The “Code of Conduct” is based on the ethical principles that always guided our activities: integrity, equality, transparency, professional recognition, corporate governance, and sustainable development.

II. CORPORATE GOVERNANCE STRUCTURE

The Insurance Commission approved the registration of the Company as “Controlled Insurer”, compliant with the requirement Circular Letter 2018-64 dated December 2018. Reference letter of Insurance Commission dated 9 March 2020.

The Company has a good corporate governance structure for family business. A Company where the voting majority is in the hands of controlling family. With the growing competitiveness in the market and with family business going public, the company implemented the corporate governance norms for fair and transparent functioning. Corporate governance is a guarantee of the sustainability of what the founder created.

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

OVERSIGHT

The Board of Directors, Management, employees, and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will thereof, undertake every effort necessary to create awareness within organization.

The Board monitor the performance of the Company and as such fulfils a critical role in ensuring that an effective risk management strategy is established and maintained.

The Board created a team which is focused on managing:

- Company’s strategy including vision, mission and values;
- The achievement of financial objectives
- The identification and control of areas of business risk
- The employment of quality people
- Supervision and development of staff
- Regulatory compliance

A. COMPLIANCE SYSTEM

1. COMPLIANCE OFFICER

To ensure adherence to good corporate governance best practices, the Board of directors shall designate a Compliance Officer from among the existing officers of the Corporation.

The Compliance Officer shall perform the following duties on top of his present responsibilities:

- Monitor compliance with the provisions and requirements of this Manual;
- Appear before the Securities and Exchange Commission (SEC) upon summons on similar matters that need to be clarified by the same;
- Determine violation/s of the Manual and submit his findings to the existing Adjudication Committee for investigation;
- Issue a certification every January 30th of the year on the extent of the Company's Compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same, if any; and
- Identify, monitor and control compliance risks.

2. PLAN OF COMPLIANCE

2.1 Board of Directors - (Article IV of By-Laws)

2.1.1. General Powers

Unless otherwise provided by law, the powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of Directors. There shall be a Chairman of the Board of Directors elected by the directors from among themselves who shall preside at all meetings of the Board of Directors and of the stockholders and shall exercise such powers and perform such duties as these By-Laws provide and the Board of Directors may determine.

2.1.2. Number, Qualifications and Term of Office

The number of directors of the Corporation shall be as set forth in the Articles of Incorporation. Such number, however, may be increased to a number not exceeding 15 at any time during the

existence of the Corporation and in accordance with law. Each director shall own at least one share of the capital stock of the Corporation which share shall stand in his name on the books of the Corporation. The directors shall be elected annually in the manner provided in these By-Laws and each director shall hold office until his successor shall have been elected and shall have qualified , or until his death or until he shall resign or until he shall cease to be a stockholder of record of at least one share of stock in the Corporation or shall have been removed in the manner hereinafter provided.

2.1.3. Qualifications of Directors

The following are the minimum qualifications of a Board Member:

- Holder of at least one (1) share of stocks of the Corporation;
- He shall be at a college graduate or have sufficient experience in managing a business concern to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall be proven to possess integrity and probity; and
- He shall be assiduous

2.1.4. Disqualifications

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counselled, induced or procured the violation or, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the SEC or Bangko Sentral ng Pilipinas;
- Any person judicially declared to be insolvent;
- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations

or misconduct similar to any of the acts, violations or misconduct listed in, the foregoing paragraphs; and

- Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

2.1.5. Election of Directors

At the elections of directors, there must be present either in person or representative authorized to act by written proxy, the owners of the majority of the outstanding capital stock entitled to vote. The election must be by ballot if requested by any voting stockholder. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the Corporation, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he should see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected. The candidates receiving the highest number of votes of the stockholders owning a majority of the outstanding capital stock present in person or by proxy and entitled to vote, shall be declared as directors. In the case of any increase in the number of directors, the additional directors may be elected by the stockholders (i) at the first annual meeting held after such increase has been approved, or (ii) at a special meeting called for the purpose, or (iii) at the same meeting authorizing the increase of directors if so stated in the notice of the meeting. (By-Laws –Article IV Board of Directors).

2.1.6. Quorum and Manner of Acting

A quorum must be present at the beginning of and throughout each meeting. Except as otherwise provided by statute, by the Articles of Incorporation or by these By-Laws, a majority of the entire number of Directors of the Corporation shall constitute a quorum for the transaction business at any meeting and the act

of a majority of the members present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given. The Board of Directors of the Corporation may meet by teleconferencing or videoconferencing in accordance with applicable regulations. A director may attend a meeting either physically or through teleconferencing or videoconferencing in accordance with applicable regulations.

2.1.7. Place of Meetings

The Board of Directors may hold its meeting at the principal office of the Corporation or at such other places within or without the Republic of the Philippines as the Board may from time to time determine or as shall be specified or fixed in the respective notices or waivers of notice thereof.

2.1.8. Organizational Meeting

The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business as soon as practicable after each annual election of directors and on the same day, at the same place at which regular meetings of the Board of Directors are held. Notice of such meeting need not be given. Such meeting may be held at any other time and place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors.

2.1.9. Regular Meeting

Until otherwise directed by the Board of Directors, regular meetings of the Board of Directors shall be held once every three months on such date as The Board may determine. Written notice of such regular meeting shall be sent by the Secretary by personal delivery, by post in a prepaid letter, by fax, or through email, address to the director at his residence or usual place of business, or fax number or email address, at least one (1) day before the day on which the meeting is to be held. The notice shall state the time and place of the proposed meeting. Any meeting of the Board of Directors shall be a legal meeting

without any notice thereof having been given to any director, if all the director shall be present there at.

2.1.10. Special Meetings

Special meetings of the Board of Directors shall be held when called by the Chairman, the President, or at the written request of at least two directors. Notice of each such meeting shall be sent by the Secretary by personal delivery, by post in a prepaid letter, by fax, or through email, addressed to the directors at his residence or usual place of business, or fax numbers or email address at least one (1) day before the day on which the meeting is to be held. Every notice shall state the time and place of the meeting as well as the purpose or purposes of such meeting. If any director shall in writing and transmitted to the Secretary of the Corporation by the personal delivery, fax or e-mail, waive notice of any meeting, whether before or after holding of such meeting, notice thereof need not be given to him. Any meeting of the Board shall be a legal meeting without any notice thereof having been given to any director, if all the director shall be present there at.

2.1.11. Teleconferencing or Video Conferencing

In respect of regular or special meetings of the Board of Director through teleconferencing or videoconferencing, the Secretary of the Corporation shall assume the following responsibilities:

- a. Safeguard the integrity of the meeting via tele/video conferencing;
- b. Find good tele/videoconference equipment/facilities;
- c. Record the proceedings and prepare the minutes of the meeting and;
- d. Store for safekeeping and mark the tape recording/s and/or other electronic recording mechanism as part of the records of the corporation.

The Secretary shall send out the notices of the meeting to all directors in accordance with the manner of giving notice as stated in these By-Laws. The notice shall include the following:

- a. Inquiry on whether the director will attend physically or through Tele/video conferencing;
- b. Contact numbers of the Secretary and office staff whom the director may call to notify and state whether he shall be physically present or attend through tele/video conferencing;

- c. Agenda of the meeting; and
- d. All documents to be discussed in the meeting, including attachments, shall be numbered and duly marked by the Secretary in such a way that all the directors, physically or electronically present, can easily follow, refer to the documents and participate in the meeting.

If the director chooses tele/video conferencing, he shall give notice thereof at least one (1) day prior to the scheduled meeting to the Secretary. The latter shall be informed of his contact number/s. In the same way, the Secretary shall keep the records of the details, and on the date of the scheduled meeting, confirm and note such details as part of the minutes. In the absence of an arrangement it is presumed that the director will physically attend the Board Meeting.

2.1.12. Resignation

Any director of the Corporation may resign at any time by giving written notice to the President or the Secretary of the Corporation. The resignation of any director shall take effect at the time specified therein and unless otherwise specified therein, the acceptances of such resignation shall not be necessary to make it effective.

2.1.13. Removal of Directors

Any director may be removed, either with or without cause, at any time, by the affirmative vote of the stockholders holding or representing at least two-thirds ($\frac{2}{3}$) of the outstanding capital stock entitled to vote at a regular meeting or at a special meeting of the stockholders called for the purpose and held after due notice as provided in Section 28 of the Corporation Code. The vacancy in the Board caused by any such removal may be filled by the Stockholders owning a majority of the outstanding capital stock at such meeting without further notice, or at any regular or at any regular or special meeting called for the purpose after giving notice after giving notice as prescribed by Corporation Code.

2.1.14. Vacancies

Any vacancy in the Board of Directors caused by death, resignation, disqualification, or any other cause, except by expiration of term or a removal of director, may be filled by the majority vote of the of the remaining directors then in office, provided that such directors constitute a quorum, and each

director so elected shall hold office until his successor shall be duly elected and qualified , or until his death or until he shall resign or shall have been removed in the manner herein provided. Should the number of directors required to constitute a quorum be not reached due to vacancies, a special stockholders meeting shall be called by the President for the purpose of filling the vacancies. Such number of directors as shall be necessary to fill in all the vacancies shall be elected.

2.1.15. Compensation

Except for reasonable per diems, directors, as such, shall be entitled to receive only such compensation as may be determined by the Board of Directors subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In no case shall the total yearly compensation of directors as such exceed 10% of the net income before income tax of the Corporation during the preceding year.

2.1.16. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board and other corporate decisions at all times;
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;
- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles and incorporation and By-Laws, the requirements of the Securities and Exchange Commission, and where applicable, the requirements of other regulatory agencies, including the Insurance Commission;
- To observe confidentiality; and
- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.1.17.1 Information and Professional Development –(CL No. 2005-31)

- The Chairman shall be responsible for ensuring that the directors receive an accurate timely and complete information.
- The Chairman shall ensure that the directors continually update their skills, knowledge and familiarity with the company's goals and objectives in order to fulfill their roles in the Board and /or Board Committees.
- The Chairman shall ensure that as an integral element of the process of appointing new directors, the company provides an orientation and education program for new recruits to the Board.
- All directors as well as officers with rank of Vice-President and up are enjoined to attend at least a one-day training and orientation course on a Corporate Governance conducted by duly accredited training providers of this Commission.
- Subsequently, all new Directors/Trustees and officers elected/appointed shall complete this requirement within the first three month of their assumption to office and with their corresponding proof of compliance furnished to Insurance Commission.

2.1.17.2 Composition

The Board shall have 2 independent directors. Independent directors have not been an officer or employee of the Corporation, not related to an officer in a senior management position in the Corporation, and do not provide services and receive no significant income for other professional services to the Corporation. The Board shall disclose any relationship that could compromise a director's independence.

2.1.18 Multiple Board Seats

The Board shall consider guidelines on the number of directorship for its members. Such guidelines should be subject to exceptions in a few cases.

In general, however, the CEO and other executive directors shall submit themselves to a low indicative limit of three memberships in other corporate boards. The same low limit shall apply to non-executive directors who serve as full-time executives in other corporations. There can be a higher indicative limit of seven for other directors who hold non-executive positions in a corporation.

2.1.19 Chairman

Considering that the insurance business is imbued with public interest, the roles of Chairman and Chief Executive Officer shall, as a general rule, not be combined to ensure a balance of power and authority such that no one person has unfettered decision making powers. Accordingly, the Chairman of the Board shall be non-executive director.

The Chairman of the Board of Directors shall preside at the meetings of the Board of Directors and stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him, including without limitation:

- a. Scheduling meetings of the Board of Directors to perform its duties responsibly while not interfering with the flow of the Corporation's Operations;
- b. In consultation with the President, the preparation of the agenda for all meetings of the Board of Directors and stockholders;
- c. Exercising control over quality, quantity and timeliness of the flow of information between management and the Board of Directors and stockholders;
- d. Assisting in ensuring compliance with the Corporation's guidelines on corporate governance.

2.1.20 President /Chief Executive Officer

The President/Chief Executive Officer shall be subject to the control of the Board of Directors and shall have the general care and supervision of the Business and affairs of the Corporation. He shall sign with the Secretary Any or all certificates of stock of the Corporation; provide the Stockholders and the Board of Directors such reports, memoranda, accounts and data which may be required of him; appoint such other subordinate officers as may be provided by resolution of the Board; and in general , perform all duties incidental to the office of the President and such other duties as may from time to time be assigned to him by the Board of Directors or as prescribed by these By-Laws. The President/Chief Executive Officer is given full authority for the day-to-day management and operations of the Corporation within the limits of powers and authorities established by the Board of Directors or the Executive Committee. The President/Chief Executive Officer shall preside at the Meetings of the Board of Directors or the stockholders in the absence of the Chairman.

2.1.21 Corporate Secretary

The Secretary, who must be a citizen and resident of the Philippines shall keep or cause to be kept books provided for the purpose of the minutes of the meetings of the stockholder and of the Board of Directors; and all other notices required by law or by these By-Laws, and in case of his absence or refusal or neglect to do so, any such notice may be given by any person thereunto directed by the Chairman, or by the Board of Director or stockholders, upon whose request the meeting is called as provided in these By-Laws; shall, unless otherwise determined by the Board of Directors, be custodian of the records and of the seal of the Corporation and see that the seal or a facsimile thereof is affixed to all document the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws, and shall attest to the same ; shall keep a register of the post office address of each stockholder, and make all proper changes in such register, retaining and filing his authority for all such entries , sign ,with the President any or all certificates of stock of the Corporation; shall , unless otherwise determined by the Board of Directors , have charge of the original stock books, transfer books and stock ledgers and act as transfer agent in respect of the stock and securities of the Corporation and in general , shall perform all duties incident to the office of the Secretary, and in such other duties as may from time to time, be assigned to him the Board of Directors or by the President.

2.1.22 The Treasurer

The Treasurer shall have charge and custody of, and be responsible for, all funds, securities, evidence, of indebtedness and other valuable documents of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies or other depositors as shall be selected and designated by the Board of Directors from time to time, at all reasonable times exhibit his books of account and records to any of the directors of the Corporation where such books and records are kept, when required by the President or Board of Directors render a statement on the condition of the finances of the Corporation, receive and give, or cause to be given, receipts for moneys paid to the Corporation from any source whatsoever, and authorize the disbursement of funds as the business of the corporation may require; and in general , perform all the duties incident to the office of Treasurer and such

other duties as from time to time may be assigned to him by the Board of Directors or by the President.

2.1.23 Access to Information

To exercise fully its governance functions, the Board shall have access to all information about the Corporation's operations.

2.1.24 Board Meetings

The Board shall endeavor to meet at least once every three (3) month on such date as the Board may determine.

Special meetings of the Board of Directors shall be held when called by the Chairman. The President, or at the written request of at least two Directors.

Directors have the duty of rigorously preparing for board meetings, giving undivided attention, and actively participating in the meetings.

2.2 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees:

2.2.1. Corporate Governance

The Corporate Governance Committee shall be composed of at least five (5) members of the Board, one whom shall be an independent director.

Duties & Responsibilities

- Establish a formal procedure for developing policies for nomination committee and on executive remuneration committee.
- For fixing the remuneration packages of corporate officers and directors in line with industry standards, and provide oversight for remuneration of senior management and other key personnel ensuring that compensation is fair and competitive in the insurance industry;

- Set amount of remuneration, which shall be in a sufficient level to attract and retain talented officers who are needed to run the company successfully; and
- The Board shall provide for an adequate orientation process for new directors, assess the adequacy of director development and education for individual directors and for the Board as a team.
- Include in their proposal for compensation a system for merit increases, performance rewards and bonuses.
- Reviews all other matters pertaining to compliance on Corporate Governance issues.

2.2.2. Remuneration Committee

The Remuneration Committee has overall governance responsibility for executive remuneration structures and outcomes to ensure that remuneration frameworks are aligned with robust risk management practices and strong guidance principles.

The Remuneration Committee annually reviews the remuneration policy to ensure that fixed remuneration is appropriately positioned relative to the market and at-risk reward linked to financial targets, investment performance targets and strategic business objectives.

- The key responsibilities of the Remuneration Committees are as follows:
 - ✓ Reviewing and recommending for approval of:
 - i. Remuneration strategy and framework for the executives and non-executive directors.
 - ii. Fixed remuneration and at-risk reward and remuneration policy
 - Reviewing and approving of contractual arrangement for executives not involving remuneration and termination payments
 - Overseeing and monitoring of the executive succession planning framework and compliance with statutory remuneration reporting disclosures.

2.2.3. Audit Committee

The Audit shall be composed of at least four (4) members of the Board, one (1) of whom shall be an independent director. Each member shall have an adequate understanding of the Corporation's operating environment.

The role is to assist the Board in overseeing the integrity of the financial reporting process, including the scope and outcome of external and internal audit.

Duties & Responsibilities

- Recommend the hiring of external auditor.
- All major irregularities meeting a penalty of more than 30 days suspension shall be brought to the Audit Committee before its elevation to the Board;
- All audits to be conducted by the members of Internal Audit Management shall need prior approval of the Audit Committee. The Audit Committee shall review major finding / exceptions and shall recommend / review the necessary remedial measures.
- Internal audit opinions are divided into three (3) categories in assessing the overall adequacy of internal control and process to effectively manage and monitor risk in achieving business plan.
- The categories are:
 - i. Sound – control environment assessed to be effective in all material respects. A few minor control enhancements may have been recommended. There are no critical, high or medium issues.
 - ii. Satisfactory - with improvement required control environment assessed to be effective in high and/or medium risk areas, but there are a number of issues that require remedial action. When remedial action is in progress to address these issues and other issues known to management these actions are at too early a stage for a sound audit opinion to be given at the time of the audit and;
 - iii. Weak – in effective control environment requiring improvement in high/or medium risk areas. Remedial

action has not yet started, or remedial action is not sufficient /sufficiently progressing to address these and other issues known to management at the time of audit.

2.2.4. Internal Auditor

- i. The Corporation shall continue to maintain an independent internal audit function which shall fail be performed by an Internal Auditor (who must be a CPA and adept in computer handling), through which the Board, the CEO, senior management and stockholders shall be provided with reasonable assurance that its key organization and procedural controls are effective, appropriate and complied with.
- ii. The Internal Auditor shall provide the CEO and Audit Committee with all major findings.

2.2.5. External Audit

The external audit is conducted under a of engagement approved by the Board. The external auditors are required to issue an audit opinion on the Annual financial statement of PBAC and review report on the annual year in accordance with the PRFS.

The external auditors are also required to produce an annual report stating the level of the company's compliance with the statement made in respective risk management and reinsurance management strategy documents.

The external auditor of the Corporation shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor. The Corporation's external auditor shall be changed preferably at least every five (5) years.

III. MANAGEMENT RESPONSIBILITY AND ACCOUNTABILITY

Management should always adhere to the limits of authority as established in the Manual of Signing Authority.

A. Conflict of Interest

Conflict of interest involving any person with the decision-making authority, including directors, with respect to the operations of the Corporation, shall be disclosed to the Board and the CEO for the proper action, taking into account the overriding interests of policyholders, claimants, creditors and the public in general.

Disclosure of conflicts of interest involving the CEO and senior officers with at least the rank of VP (Vice President) shall be made to the whole Board, while those involving line managers, executive employees and other personnel shall be made to the CEO.

B. Communication

To ensure effective communication and access to reliable, timely and adequate information necessary for proper management decisions, the Corporation shall continue to maintain a communication policy which shall include the following:

- Documentation of important policies and procedures or development of operating manuals for critical functions such as underwriting, claims, reinsurance and investment and management;
- Composition and frequency of various Management Committees meeting to discuss issues of common concern and important developments affecting the Corporation or the insurance industry; and
- Communication of priority information, such as new regulatory requirements, reinsurance matters and large claims to concerned personnel

IV, CORPORATE INDEPENDENCE

As a custodian of public funds and as a corporation with public service functions, corporate independence shall be maintained so as not to compromise the interest of policyholders, claimants, reinsurers, creditors and minority shareholders, controlling or substantial interests shall be disclosed to the Board, and the latter shall ensure compliance with the provisions of Title 20 Chapter III of the Insurance Code on Holding Companies (see Annex "A").

Overlapping interest in the Corporation shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.

Related party transactions shall be conducted on terms that are at least comparable to normal commercial terms or at terms obtaining in the market in order to safeguard the best interests of the Corporation and the policyholders, creditors and claimants. In all cases, the provision of the Title 20 of the Insurance Code shall be complied with.

V. FINANCIAL REPORTING/TRANSPARENCY AND INTERNAL CONTROL

The Board shall ensure timely and accurate disclosure on all material matters, including the financial situation, performance and governance of the Corporation.

Fair, timely and cost-efficient access to the relevant information shall be given to all parties with legitimate interest in the Corporation/ Key relevant financial information shall be readily and easily accessible to shareholders, policyholders, claimants, and reinsurers.

The Board, the CEO and senior management shall receive regular reports on all key aspects of the operation of the Corporations. These reports include the analysis of premium growth, underwriting performance, investment results, and claims management, in order to provide a sound basis for assessing financial performance and condition, identifying real and potential problems, and formulating appropriate policies and strategies.

A. Transparency

Disclose shall include material information on the financial and operating results of the Corporation. It shall also include any material foreseeable risks for the Corporation.

B. Internal Control

The Board must assure that an effective system of control is in place for safeguarding the Corporation's assets.

Major risks which are likely to affect the performance and financial condition of the Corporation and the approach taken by management in dealing with these risks shall be reported to the Board to enable the latter to effectively address said risks.

The Board must ensure that reports accurately reflect the financial condition and the results of operations of the Corporation.

The Board shall regularly review the system for securing adherence to key internal policies as well as to significant laws and regulations that apply to it.

C. Accounting Standards

Information shall be prepared, audited and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure and audit.

VI. PUBLIC ACCOUNTABILITY

As custodian of public funds, the Corporation shall ensure that it is dealing with the public are always conducted in a fair, honest, and equitable manner. Accordingly, officers of the Corporation shall avoid conflicts of interest and not engage in any unfair or deceptive acts or conduct that constitute unfair trade practices to the detriment of policyholders.

Policyholders and claimants including but not limited to:

- Misrepresentation through false, deceptive or misleading statements, which include misrepresentations as to terms and benefits of insurance policies, the financial condition of the Corporation, and information about competitors for the purpose of inducing a policyholder to lapse, forfeit or surrender for his policy;
- Entering into any agreement to commit any act of boycott, coercion or intimidation resulting in a market monopoly of insurance business; and
- Knowingly committing or performing as a general business practice unfair claims settlement practices as defined in Section 241 of the Insurance Code, stated as follows:

"Any of the following acts by an insurance company, if committed without just cause and performed with such frequency as to indicate a general business practice, shall constitute **unfair claim settlement practices**:

- a) Knowingly representing to claimants pertinent facts or policy provisions relating to coverage under its policies;
- b) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under its policies;
- c) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under its policies;
- d) Not attempting on good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear; or
- e) Compelling policyholder to institute suits to cover amount due under its policies by offering without justifiable reason substantially less than the accounts ultimately recovered in suits brought by them.

VII. SHAREHOLDER'S BENEFIT

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. The following provisions are issued

for the guidance of all internal and external parties concerned as governance covenant between the Corporation and all its investors:

A. Investors' Right and Protection

1. Rights of Investors/Minority Interests

The Board shall be committed to respect the following right of stockholders:

2. Power of Inspection

All shareholders shall have the pre-emptive rights. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

2.1. Right to Information

- The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- The minority shareholders shall be granted the right to propose the holding of meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

2.2. Rights to Dividends

- Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- Dividends shall be declared only from the unrestricted retained earnings and, except as otherwise provided in the Articles of Incorporation, shall be payable at such time and in such manner and

in such amounts as the Board of Directors shall determine. No dividends shall be declared which would impair the capital of the Corporation.

- Stock dividends shall be declared in accordance with law.

VIII. MONITORING AND ASSESSMENT

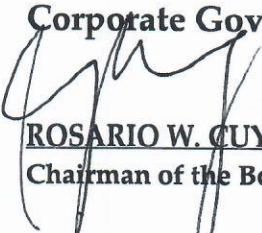
- Each Board Committee shall report regularly to the Board of Directors.
- The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual.
- The establishment of such evaluation system, including the features thereof, shall be disclosed in the corporation's report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.


IX. RESPONSIBILITY FOR GOOD GOVERNANCE

Good corporate governance is the responsibility and concern, not only of the Board of Directors and Management, but of each and every employee of the Corporation.

Sgd.

Corporate Governance Committee


ROSARIO W. CUYEGKENG
Chairman of the Board


IAN PHILIPPE W. CUYEGKENG
President


CHRISTOPHER KARL W. CUYEGKENG
VP, Strategic Projects and Investment

ERNEST KENNETH S. CUYEGKENG

Director



JOSE Z. CLEMENTE

Independent Director



DIANNE LYNNE BAYSAC NATIVIDAD

Independent Director

PHILIPPINE BRITISH ASSURANCE COMPANY, INC.

DIRECTOR'S PERFORMANCE EVALUATION FORM

For the period of January 2022 to December 2022

INSTRUCTIONS:

Please go over each questions carefully and assign a number from 1 – 10 (*the lowest being not observed and the highest being largely observed*) to reflect the Director's personal assessment on the degree of compliance with the corporate governance mechanisms. After the Director's assessment, The Corporate Governance Committee shall indicate its own evaluation of the Director's performance. For data on attendance, the Corporate /Committee Secretary shall provide the official records.

PART I. QUESTIONS ON THE BOARD

1. Does the Board have an explicit commitment to promote long term shareholder value and safeguard and respect the stakeholder interests in general? []
2. Does the Board set and periodically review and update the Corporation's philosophy and mission? []
3. Does the Board regularly monitor the corporate performance against the strategic and business plans, and against the annual financial objectives and operating plans/targets? []
4. Does the Board have succession plan for its members and Senior Management? []
5. Does the Board review and approve all material transactions that are not in the ordinary course of business? []
6. Is the Board working towards a proper mix of Directors with varied and diverse backgrounds to ensure a high caliber of Directors? []
7. Is the Board truly collegial and no Director arrogating himself/herself the power to make decisions without the benefit of the Corporation? []
8. Is the Board committed to have a working Board of Directors whose size and composition would be conducive to active participation of all Members? []
9. Does the Board constitute the proper committees to assist in the achievement of good corporate governance? []
10. Does the Board spend enough time on strategic matters and important policy issues? []

PART II. QUESTIONS ON THE DIRECTOR'S INDIVIDUAL PERFORMANCE

1. In line with the principle of honesty and good faith, do I reserve my loyalty to the Corporation and avoid conflicts of interest? []
2. In carrying out my fiduciary duties, am I guided by the letter and spirit of the law as well as by high ethical and moral norms? []
3. Do I draw the line between Board and management responsibilities by not getting involved in management and operational issues, instead, exercise diligent oversight and regular monitoring of operations? []
4. Do I avoid any conflict of interest? Should such a conflict arise, do I follow normal procedure of abstaining and leaving the room? If such conflict is likely to be permanent, am I prepared to resign? []
5. Do I practice due diligence in carrying out my duties as a Director in general?
 - a. Do I attend Board meetings regularly? []
 - b. Do I ask for reasonable advanced receipt of Board materials and spend enough time to study them? []
 - c. Do I study the issues/ matters I do not fully understand before asking questions or making judgment on how am I to vote? []
 - d. When present at Board meetings, do I actively participate? []
 - e. Do I handle each problem or situation objectively? If disagreement with other Director arises, do I carefully evaluate and explain my position and support it with plans and ideas that are beneficial to the Corporation? []
 - f. Do I contribute to the formulation and approval of the Corporation's strategy and long term positions? []
 - g. Do I have a working knowledge of the statutory and regulatory requirements that affect the Corporation and keep myself abreast with the industry developments and business trends in order to promote the Corporation's competitiveness? []
 - h. Do I participate in the formulation of major policies to pursue Corporation strategy? []
 - i. Do I carefully monitor and evaluate the Corporation's performance including the performance of its Senior Officers? []
 - j. Do I notify the Board in advance of any relatives and business associates with respect to the shares of the Corporation? []

- k. Do I ask about compliance with statutory requirements on major proposals being presented? []
 - l. Do I observe confidentiality by adhering to the rule of Disclosure(e.g. Not to disclose to any person any information acquired as a Director without approval/authority given by the Board)? Do I observe the confidentiality and restrict confidential information to unauthorized persons without the authority of the Board? []
- 6. Are the reports submitted to the Board adequate and relevant? Do they serve the Directors who must carry out their specific functions of approving Corporation strategy, major policies to pursue the strategy as well as monitoring and oversight? []
- 7. Do we have enough Independent Directors as required by law? []
- 8. Do executive directors (i.e. directors with management responsibilities in the Corporation) recognize the dual role they played to express their views and decisions with integrity and independence? []
- 9. Do we go over audit reports with due care and attention, asking for action able points that demand consideration and decisions by the Board? []
- 10. Does the Chairman ensure that all Directors play their full part in Board deliberations? []
- 11. Does the Chairman make it worthwhile for Directors to attend Board meeting by giving them every opportunity to express their views freely? []
- 12. Does the member of the Board adhere with the Code of Conduct which should guide all relations with the company's stakeholders and with the general public? []
- 13. Did I take advantage of training opportunities on corporate governance provided to me? []

PART III. QUESTIONS ON THE BOARD COMMITTEES

GENERAL QUESTIONS ON THE MEMBERS OF THE COMMITTEE

- 1. Does the Committee perform its functions and duties in accordance with applicable laws and regulations, by—laws and approved charter? []
- 2. Do I attend Committee meetings and related activities regularly? []
- 3. Is the Committee committed to have a working Committee whose size and composition would be conducive to active participation of all members? []

4. Do I, as a member of this Committee, observe confidentiality and duty of proper and responsible disclosure? []
5. Do I, as a member of this Committee, draw the line between Committee and management responsibilities, not getting involved in management issues, but exercising diligent oversight and monitoring of operations? []
6. Does the Committee have performance evaluation system in place? []

CORPORATE GOVERNANCE NOMINATION AND REMUNERATION COMMITTEE

1. Does the Governance Committee attribute to the performance evaluation, remuneration and overall corporate governance of the Corporation? []
2. Did the Committee review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to the other positions requiring appointment by the Board of Directors? []
3. Does the Committee conduct corporate governance in a transparent and independent manner? []

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

1. Does the Audit Committee mostly composes of Independent Directors and is chaired by an Independent Director? []
2. Does the Audit Committee monitor and evaluate the adequacy and effectiveness of the Corporation's financial reporting process, internal control system, and audit process? []
3. Does the Audit Committee ensure that the works of Internal Auditor are free from interference by outside parties? Does the internal auditor report directly to the Board? []
4. Does the Audit Committee provide an oversight over the Management's activities in managing risk exposures, independence of Internal and External Auditors, and compliance functions? []
5. Does the Committee provide oversight of the Corporation's risk management framework including policies and procedures for an adequate direction to management of key risk areas? Does the Committee regularly report the Corporation's overall risk exposure, actions taken to mitigate the risks and recommended action plans? []

INVESTMENT COMMITTEE

1. Did the Committee approve, act on and review any loan or investment proposal; []
2. Did the Committee review and approve periodically any changes to the Company's investment policies and guidelines and to monitor compliance with these policies? []
3. Did the Committee review and monitor periodically the performance of the Company's investment portfolio; []

EXECUTIVE COMMITTEE

1. Did the Committee perform its functions and duties in accordance with laws and the by-laws of the Company? []
2. Did the Committee thoroughly review, evaluate and endorse for Board approval the strategic plans, thrusts, business models, forecasts and the annual budget; []
3. Did the Committee conduct periodic Management Profitability Review to determine the Company's actual performance against targets/budget? []

NON-EXECUTIVE COMMITTEE

1. Did the non-executive director's role provided an innovative contribution to the board by providing independent oversight challenge to the executive directors? []
2. Did the non-executive directors ensure that there is an appropriate selection process for appointment of independent directors? []
3. Did the non-executive directors determine the appropriate levels of remuneration of executive directors? []
4. Did the non-executive directors ensure that there is an appropriate selection process for appointment of independent directors? []

RELATED PARTY TRANSACTIONS (RPT) COMMITTEES

1. Did the RPT board of director evaluate on a going basis, existing relations between and among businesses and counterparties to ensure all related parties are continuously identified? []
2. Did the RPT directors continuously monitored the subsequent changes in relationships and reflected in the relevant reports to the board and regulators? []
3. Did the RPT directors evaluate all related materials to ensure that these are arms' length basis and endorse the same to members of the RPT Committee for approval? []
4. Did the RPT directors oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPT's including the periodic review of RPT policies and procedures? []
5. Did the RPT directors perform any task that will enable it to exercise on behalf of the RPT Board primary oversight over RPT's in accordance with the Company's Related Party Transactions Policy? []

Anti-Monetary Laundering

1. Does the Chairman ensure that all Directors adhere and follow the best practices in implementing rules , regulations , other directives , guidance and issuances from the Insurance Commission, BSP and other regulatory bodies applicable to the AMLA of 2001 (R.A. 9160) and Terrorism Financing Prevention and Suppression Act of 2012 (TFPSA)? []

PART IV. RECORD OF ATTENDANCE TO MEETINGS

Attendance to the following meetings for the period January _____ to December _____:

1. Board of Directors Meeting : _____ out of the total _____
meetings
2. Corporate Governance Committee : _____ out of the total _____
meetings
3. Executive Committee : _____ out of the total _____
meetings
4. Non-Executive Committee : _____ out of the total _____
meetings
5. Audit, Compliance, and Risk Committee : _____ out of the total _____
meetings

6. Investment Committee meetings : _____ out of the total _____
7. RPT Committee meetings : _____ out of the total _____

IC Circular 31-2005 (Corporate Governance Principles and Leading Practices) provides for temporary disqualification for "Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings both regular and special of the Board of Directors during the incumbency, or any twelve (12) month period during said incumbency. The disqualification applies for purposes of the succeeding elections.

CERTIFICATION

I attest herewith that I have honestly and faithfully answered to the best of my personal knowledge all the questions in this Evaluation Form.

Signature

Printed Name of Director

Date

Corporate Governance Committee (CGC) Evaluation:

Comments/Recommendations:

Evaluated by : _____

Signature : _____

	TOTAL SCORE	SELF-ASSESSMENT	CORPORATE GOVERNANCE
PART I	100		
PART II	240		
PART III	60		
CORPORATE GOVERNANCE NOMINATION AND REMUNERATION COMMITTEE	30		
AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE	50		
INVESTMENT COMMITTEE	30		
EXECUTIVE COMMITTEE	30		
NON-EXECUTIVECOMMITTEE	40		
RPTCOMMITTEE	50		
	630		