

**ANNUAL CORPORATE GOVERNANCE REPORT OF  
PHILPACIFIC INSURANCE BROKERS & MANAGERS, INC.  
doing business under the name and style of PHILINSURE**

1. For the fiscal year ended December 31, 2022
2. Certificate Authority Number IB-08-2022-R and RB-04-2022-R
3. Cebu, Philippines  
*Province, Country or other jurisdiction of incorporation or organization*
4. 2F Centro Maximo II Bldg., D. Jakosalem Street, cor. Ranudo St., Cogon Ramos,  
Cebu City  
*Address of principal office*  
6000  
*Postal Code*
5. +632 254 6781 to 85  
*Company's telephone number, including area code*
6. [www.philinsure.com.ph](http://www.philinsure.com.ph)  
*Company's official website*
7. Formerly: PhilPacific Insurance Brokers & Managers, Inc.

**ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.</b>			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The Company's Board is composed of 12 directors with experience and expertise in the field of insurance (local and international) and other major businesses.	
2. Board has an appropriate mix of competence and expertise.	Compliant	The Company has a balanced composition consisting of competent 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	Directors are competent individuals with respective track records in their own fields. There have been no events that would disqualify them to remain as directors.	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	The Company's Board is composed by majority of non-executive directors (9) and three (3) executive directors namely, the President and two (2) top managers from our head office.	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	All directors are also encouraged to participate in continuing education programs at the Company's expense to maintain a competent and effective Board.	

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2. Company provides in its Board Charter or Manual on Corporate Governance an orientation for first time directors.	Compliant	All newly-elected directors are required to undergo an orientation program which aims to familiarize them their duties and responsibilities as directors as well as the Company's structures, operations and other necessary information.	
3. Company has relevant annual continuing training for all directors.	Compliant	The Company provides continuing education/training programs for Directors thru various third-party providers which includes the Institute of Corporate Directors.	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	The Company's Board is composed of members who possess the expertise and experience in their own fields of diplomacy, insurance broking and retail business (malls). Additionally, the Board is composed of men and women –one citizen from the United Kingdom and one from Australia.	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	The Board is assisted by Corporate Secretary, Atty. Riza Marie Mangubat Gariando.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	The Company has a separate Compliance Officer, Mr. Daniel Barlicos.	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	The Corporate Secretary is not a shareholder and not a member of the Company's Board of Directors.	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	The Corporate Secretary attended trainings on Corporate Governance as well as related topics such as revised Corporation Code and other SEC and BIR updates.	

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<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	The Company's Board appointed Mr. Daniel Z. Barlicos as the Chief Risk and Compliance Officer with the rank of a Senior Vice President. He is not a member of the Board and is a fellow of the Institute of Corporate Directors.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant		
<b>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.</b>			
<b>Recommendation 2.1</b>			
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	Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company. All significant matters concerning the Board are discussed and approved by all members.	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	The Board, in coordination with key management of the Company, prepares its long term strategic plans and objectives. This contains major trade secrets that are confidential.	
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	The 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 especially during the onset of this pandemic.	

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<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson	Compliant	Mr. Edward Gaisano is a competent and qualified chairman of the Board as shown by his long tenure as member of the Board before he became a chairman. He is also a chairman and president in various corporations (malls, foundations).	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management	Compliant	The Board has adopted an effective succession planning program for directors, key officers, and management to ensure growth and continued increase in the shareholders' value. This includes adopting a policy on the retirement age for directors and key officers as part of the management succession and to promote dynamism in the Company.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
<b>Recommendation 2.5</b>			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	The Board has formulated and adopted a policy of not giving remuneration for directors. Each director will only be given a fixed per diem for each meeting attended.	
2. Board aligns the remuneration of key officers and board members with long term interests of the company.	Compliant	The remuneration and performance of key officers are aligned with the long term interests of the Company.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	N/A	Directors are not entitled to remuneration but only per diems for every meeting attended.	

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<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The Board has formulated a formal and transparent board nomination and election policy that includes how it accepts nominations from minority shareholders and reviews nominated candidates.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Link for the manual on Corporate Governance.	
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant	Link for the manual on Corporate Governance.	
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant	Link for the manual on Corporate Governance.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	Link for the manual on Corporate Governance.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Link for the manual on Corporate Governance.	
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Company has a formal related transactions policy in accordance with the guidelines of the Insurance Commission. The Related Transactions Policy is on file.	

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2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Link to Article VI of the Company's by-laws and Manual on Corporate Governance.	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The Board does the assessment during the annual meeting wherein the Management team provides reports regarding the results of operations for the year. The Board provides comments and approves business plan or suggests revisions to make the proposed plans more feasible.	
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Key Result Areas Plan (KRA) is the effective performance management framework adopted to ensure that individual performance is tracked versus standards set by Management and Board. In this assessment, the employees are evaluated by their respective Team leaders.	

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2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	All employees are assessed using a pre-defined KRA, relative to the employees' functions.	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Company has an Internal Control and Enterprise Risk Management Framework which includes policies and procedures in place for process and controls for each business processes.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant		The Board approved the internal audit charter which is on file.
<b>Recommendation 2.11</b>			
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.	Compliant	The Board ensures that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. 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.	
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.	Compliant	Risk management is being exercised and monitored by Senior Management. The Company has established a separate risk management team.	
<b>Recommendation 2.12</b>			



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1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	N/A	There is no formal Board Charter but the roles, responsibilities and accountabilities of the Board in carrying out its fiduciary duties are detailed in the Manual on Corporate Governance.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	N/A		
3. Board Charter is publicly available and posted on the company's website.	N/A		
<b>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.</b>			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Manual on Corporate Governance provides for the creation of board committees with a blanket provision the other committees may be formed to assist the Board.	
<b>Recommendation 3.2</b>			
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	The Audit Committee was established during the Organizational Board Meeting.	
2. Audit Committee is composed of at least three appropriately qualified non- executive directors, the majority of whom, including the Chairman is independent.	Non-compliant		The Board's audit committee is composed of two (2) members, namely: Lynette Go Dy Hian To (NED) and Jacqueline Wenceslao (ED). The Board has

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			still to formulate the new sets of members to comply with this recommendation.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Both members of the Audit committee have relevant background in the areas of finance and accounting. Ms. Hianto is a graduate of Bachelor of Science in Accountancy. On the other hand, Jacqueline Wenceslao is a Certified Public Accountant with wide operational experience in the insurance broking industry.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant		
<b>Recommendation 3.3</b>			
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.	Non-compliant		The Board is yet to formulate the Corporate Governance Committee. However, the Board itself already carries out the functions of the Corporate Governance Committee. The Board is primarily composed of minority shareholders.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-compliant		
3. Chairman of the Corporate Governance Committee is an independent director.	Non-compliant		
<b>Recommendation 3.4</b>			

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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.	Non-compliant		The Board is yet to formulate the BROC upon appointment of independent directors to comply with this recommendation. However, the Board itself already carries out the functions of the BROC. Additionally, the Executive directors have strong background and knowledge in Risk Management.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee	Non-compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-compliant		
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-compliant		The Board is yet to formulate a new RPT Committee upon appointment of independent directors to comply with this recommendation. However, the Board itself already carries out the functions of the RPT Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-compliant		

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<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-compliant		There are no established board committees yet since the Board carries out the functions of Board Committees.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-compliant		
3. Committee Charters were fully disclosed on the company's website.	Non-compliant		
<b>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.</b>			
<b>Recommendation 4.1</b>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Attendance of the Board are provided under the minutes of the meetings which are held only if there is a quorum. Before every meeting, the minutes of the previous meetings are reviewed by the Board.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant		
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICRE's) and publicly-listed companies to ensure	Compliant	None of the non-executive directors serve as directors in other ICRE's.	

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that they have sufficient time to fully prepare for minutes, challenge Management's proposals/ views, and oversee the long-term strategy of the company.			
<b>Recommendation 4.3</b>			
2. The directors notify the company's board before accepting a directorship in another company.	Compliant	The notification is done during the nomination process. The non-executive directors of the Board may only concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities 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. He/she must notify the Board before accepting a directorship in another company.	
<b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.</b>			
<b>Recommendation 5.1</b>			
1. The Board is composed of at least twenty percent (20%) independent directors.	Non-compliant		The Board has yet to appoint independent directors to comply with this recommendation. The Company has also amend its articles of incorporation to provide additional seats in the Board. However, majority of the directors are minority shareholders with three owning less than five percent.
<b>Recommendation 5.2</b>			

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1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	N/A		As above.
<b>Recommendation 5.3</b>			
<p>1. The independent directors serve for a cumulative term of nine years.</p> <p>As far as the 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.</p> <p>For other covered entities, all previous terms served by the 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.</p>	N/A		As above.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	N/A		As above.

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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.	N/A		As above.
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Chairman of the Board is Mr. Edward Gaisano while the Chief Executive Officer is Mr. Gordon Alan Joseph. Both of them have clearly defined responsibilities which are outlined in the Company's by-laws.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant		
<b>Recommendation 5.5</b>			
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 designates a lead director among the independent directors.	Non-compliant		As mentioned in previous items, the Board is yet to appoint independent directors to comply with this recommendation.
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	The Company has not encountered this instance as of writing. However, it is the Company's policy that Directors and officers with personal interest in the transaction abstain from taking part in the deliberations on the transaction.	

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<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	Non-compliant		The current audit committee is composed of executive and non-executive directors which will be subject to amendment upon the appointment of the independent directors to comply with this recommendation.
2. The meetings are chaired by the lead independent director.	Non-compliant		
<b>Principle 6. The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</b>			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	The Board has set up an Appraisal Process for it to conduct annual evaluation of its performance including the performance of the Chairman, individual members and committees. A self Assessment Score Card is accomplished to determine the score level of performance of the Board in terms of best governance practices. A Peer Evaluation is also undertaken to foster constructive review of individual performances.	
2. The Board assesses the performance of the Chairman annually.	Compliant		
3. The Board assesses the performance of the individual member of the Board annually	Compliant		
4. The Board assesses the performance of each committee annually.	Compliant		
5. Every three years, an external facilitator supports the assessments.	Non-compliant		We do not avail of external facilitator service, however, all directors are competent enough to perform their duty.



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<b>Recommendation 6.2</b>			
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	The Board, individual directors and committees are assessed based on their performance on the tasks/projects assigned to them. During the annual Board meeting, the stockholders decide on whether to retain them or not.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	During the annual shareholders' meeting, the shareholders decide whether to retain them or not as directors based on the outcome of the tasks/projects assigned to them.	
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Company established its Code of Conduct for all its employees, officers and directors. This can be accessed by the stakeholders thru a centralized shared folder. All new employees, officers and stakeholders are also being oriented during their onboarding with the Company.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant		
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Human Resource and Corporate Communications department is in-charge in the evaluation of the performance of officers and employees.	

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2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		
<b>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</b>			
<b>Recommendation 8.1</b>			
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	All shareholders of the Company are given a representative to the Board, thus all actions and issues are also made known to them during the Board meetings.	
<b>Recommendation 8.3</b>			
1. 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	In line with the Company's strategy, the members of the Board were properly screened and carefully selected. The background and reputation of the directors are also important factors in the selection process.	
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		

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<b>Recommendation 8.4</b>			
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	The directors only receive per diem (Php10,000) when attending Board meetings.	
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	This is disclosed to shareholders.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	This is disclosed to shareholders.	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Company has adopted a formal RPT policy and is integrated in the Manual on Corporate Governance.	
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	Compliant	As also required by the Philippine Financial Reporting Standards, the material or significant RPTs are disclosed in the notes to the Audited Financial Statements which are also reviewed and approved by the Board.	

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of the stockholders in the annual stockholders' meeting during the year.			
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's Manual on Corporate Governance is currently published in the Company's website.	
2. Company's MCG is posted on its company website.	Compliant		
<b>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.</b>			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The appointment and reappointment, including the fees of external auditors are discussed and approved by the Board.	
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		
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	There were no changes of external auditors for the year.	

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<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity: and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	All of these are included in the Company's Audit Committee Charter	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
<b>Recommendation 9.3</b>			
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	The Company does not engage its external auditors for non-audit services.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant		

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	The Company has just adopted the development of its sustainability report. This is currently being improved and on file with the Board.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant		
<b>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</b>			
<b>Recommendation 11.1</b>			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	The Company's website is <a href="http://www.philinsure.com.ph">www.philinsure.com.ph</a>	
<b>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.</b>			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Internal control issues are promptly addressed by the involved department in coordination with the audit committee and compliance officer especially those that are flagged by the external auditors.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant		

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	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The Company has an internal audit department head.	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-compliant		The Company is yet to appoint a qualified head/CAE.
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.	N/A		
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.	N/A		
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	The Company prudently manages the risks associated with its business and operations. It has in place an enterprise risk management framework designed to enhance risk management through a holistic and integrated framework so that all material risks faced by the Company are identified, measured, evaluated, mitigated, monitored and appropriately managed.	

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	<b>COMPLIANT/ NON- COMPLIANT</b>	<b>ADDITIONAL INFORMATION</b>	<b>EXPLANATION</b>
<b>Recommendation 12.5</b>			
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	The Company's Chief Risk Officer is Mr. Daniel Barlicos who has a vast experience in the field of risk management and compliance across large industry players. He is a fellow of the Institute of Corporate Directors and currently has the rank of Senior Vice President.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant		
<b>Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</b>			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	The Manual on Corporate Governance provides the rights of the shareholders.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant		
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	All shareholders engage and participate in the shareholders meetings. Notices are prepared by the Corporate Secretary and are given to them prior to the actual meeting in accordance with the Company's by-laws.	



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<b>Recommendation 13.3</b>			
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.	Non-compliant		The Company's shareholders consist of only few companies and individuals, thus the results of the votes taken during the most recent meeting are already known to them during the meeting and does not need to be publicly available.
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.	Non-compliant		
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	These are provided under the Company's Manual on Corporate Good Governance.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant		
<b>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.</b>			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Company's major stakeholders are its clients, employees, partner-insurers, service providers, counterparties, government, regulators, competitors, and communities in which the Company operates.	


ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Contracts with suppliers are all reviewed by the management and the Board when appropriate.	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	All the officers and employees can be easily contacted. The contact details of the Company's offices were also published in the Company's website.	
<b>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.</b>			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	The Company has implemented various activities that boost the employees morale such as but not limited to kick-off meetings, outing and Christmas parties.	
<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Company has adopted its Anti-corruption Policy and program which is integrated in its Code of Conduct. The same forms part of the Company's onboarding process for new hires.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The procedures and guidelines are on the Company's whistleblowing manual. Provision for protection of whistleblowers are also in the policy.	
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	The procedures and guidelines are on the Company's whistleblowing manual.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	The Board and the top management set example in the observance of the Company's core values.	
<b>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.</b>			
<b>Recommendation 16.1</b>			
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	The Company engages in various corporate social responsibility (CSR) activities such as scholarship programs, feeding programs and other humanitarian projects.	

**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\_\_\_\_.

  
EDWARD S. GAISANO  
Chairman of the Board

  
GORDON ALAN P. JOSEPH  
President and CEO

  
ATTY. RIZZA MARIE MANGUBAT GARIANDO  
Corporate Secretary

  
DANIEL Z. BARLICOS  
Chief Compliance Officer


N/A  
Independent Director

N/A  
Independent Director

SUBSCRIBED AND SWORN to before me this 29 MAY 2023 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. Edward S. Gaisano	UMID No. CRN-0111-5887727-8	
2. Gordon Alan P. Joseph	P6036542A	February 15, 2018/DFA Cebu
3. Atty. Rizza Marie Mangubat Gariando	UMID No. CRN 006-1499357-4	
4. Daniel Z. Barlicos	TIN ID No. 119-111-309-000	July 14, 2017

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BOOK NO. 1;  
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**RODRIGO L. URBIZTONDO**  
Notary Public  
IBP No. 289902 1-18-23  
PTR No. 1027605 1-18-23  
Notarial Com. No. 063-23  
Until Dec. 31, 2024  
Roll No. 40465  
MCLE No. M-0000192  
2-D-Jakosalem St., Cebu City