

ANNUAL CORPORATE GOVERNANCE REPORT OF
FPG INSURANCE CO., INC.

1. For Fiscal Year Ended: 2022
2. Certificate Authority No: 2022/59-R
3. Country of Incorporation: Philippines
4. Address of Principal Office: 6th Floor Zuellig Building, Makati Avenue Cor.
Paseo de Roxas 1225
5. Company Tel: (02) 8859-1200
6. Company's Official Website: www.fpgins.com.ph

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT				
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION		EXPLANATION
The Board's Governance Responsibilities				
Principle 1: The company should be headed by a competent, working board to foster the long- term success 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.				
Recommendation 1.1				
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Annual Report available in the website thru this link. Annual Report (page 12) Board Profile		
2. Board has an appropriate mix of competence and expertise.	Compliant			
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant			
Recommendation 1.2				
1. Board is composed of a majority of non-executive directors.	Compliant	Annual Report Annual Report (page 12) Board Profile The board consists of five (5) Directors: one (1) independent director, three (3) non-executive directors, and only one (1) executive director.		
		David Zuellig	Non-Executive Director	
		Generosa Pio de Roda	Executive Director	

		Ricardo Romulo	Non-Executive Director		
		Kasigod V. Jamias	Non-Executive Director		
		Avelino M. Sebastian, Jr.	Independent Director		
Recommendation 1.3					
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 17) Section 7 - Continuing Education and Orientation			
2. Company has an orientation program for first time directors.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 17) Section 7 - Continuing Education and Orientation			
3. Company has relevant annual continuing training for all directors.	Compliant	Annual Report Annual Report (page 24) Directors’ Trainings			
Recommendation 1.4					
1. Board has a policy on board diversity.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 5) Section 4.1.3 (Board of Directors) Diversity and Inclusion			

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Annual Report Annual Report (pages 12 and 13) Board Profile The Corporate Secretary is Atty. Ana Liza A. Peralta. She acts solely as Corporate Secretary (not the Compliance Officer) of the Company and is not a member of the board.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Training Certificate The 2022 training certificate of Atty. Peralta is in the company's website.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Annual Report Annual Report (page 13) List of Executives – Head of Risk & Compliance Compliance Officer is Atty. Kristine Espinosa-Berris, Sr. Assistant Vice President, and was appointed by the Board effective September 1, 2022. She is not a member of the board.	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	Training Certificate	

		Atty. Espinosa's Training Certificate on corporate governance is in the company's website.	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p><u>Manual of Corporate Governance</u></p> <p>2021 Manual of Corporate Governance (page 4)</p> <p>Section 4.1.1. Mandate</p> <p>"The Board of Directors shall have the primary responsibility of fostering the success of the long term's objectives and success of FPG Insurance Co. and in ensuring its competitiveness. Furthermore, the Board of Directors is responsible in approving and overseeing the effective implementation of the corporate objectives, compliance policies and procedures, risk management, and including the performance of the Senior Management.</p> <p>The Board of Directors should also formulate measures for success, mission and vision that will lay the foundation of FPG Insurance Co.'s activities including long term and short-term corporate plans."</p>	

Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Annual Report Annual Report (page 20)	
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	Role of the Board of Directors	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Annual Report Annual Report (page 12) Board Profile – David Zuellig	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Annual Report Annual Report (page 21) Board Succession and Nomination	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>There is an internal policy applicable to retirement of key executives and all employees of the company, and the local group.</p> <div> <p>F. E. ZUELLIG (M), INC. GROUP RETIREMENT PLAN (AS AMENDED JUNE 1, 2013)</p> <p>Article I</p> <p>OBJECT, NAME AND EFFECTIVITY DATE</p> <p>Section 1 - NAME</p> <p>This Plan shall be known as the F. E. ZUELLIG (M), INC.GROUP RETIREMENT PLAN.</p> <p>Section 2 - OBJECT</p> <p>The object of this Plan is to provide through a retirement fund to be established by the F. E. ZUELLIG (M), INC. RETIREMENT PLAN, a lump sum retirement benefit program for all the permanent employees as well as nonunion under certain conditions</p> </div>	
Recommendation 2.5			

1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Corporate Governance Committee Corporate Governance Committee Terms of Reference (page 2) Section 7 Duties and Responsibilities “Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance. ”	
2. Board aligns the remuneration of key officers and board members with long-term interest of the company	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (pages 6-7)	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	4.1.6 Board Duties and Responsibilities “The Board shall conduct itself with utmost honesty and integrity in the performance of, among others, the following collective duties and responsibilities: b. Appointment of Senior Management xxx • Ensuring the adequacy of the Company’s management structure	

		<p>and resources for specific and general tasks.</p> <ul style="list-style-type: none"> • The planning of senior management motivation, remuneration, development, recruitment and succession.” 	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Annual Report Annual Report (page 21) Board Succession and Nomination	
2. Board nomination and election policy is disclosed in the company’s Manual on Corporate Governance.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 16) Director Succession and Selection Criteria	
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 16) Director Succession and Selection Criteria	
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board’s processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		

Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	RPT Policy Related Party Transactions Policy (pages 3-5)	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Board of Directors	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (pages 6-7) 4.1.6 Board Duties and Responsibilities “b. Appointment of Senior Management • Selecting the Chief Executive Officer and determining the terms of his contract. • Ensuring the adequacy of the Company’s management structure and resources for specific and general tasks.”	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (pages 6-7)	

other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		<p>4.1.6 <u>Board</u> Duties and Responsibilities</p> <p>“ c. Monitoring</p> <ul style="list-style-type: none"> • Ensuring the Company’s information system are relevant and adequate to monitor performance at a business level and sufficient for Board and management performance review and decision purposes including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines • Monitoring management performance against strategic objectives and compliance with strategic policies and initiating appropriate corrective action if failures are revealed.” 	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management’s performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Manual of Corporate Governance</p> <p>2021 Manual of Corporate Governance (pages 6-7)</p> <p>4.1.6 Board Duties and Responsibilities</p>	
2. Board establishes an effective performance management framework that ensures that personnel’s performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Implementing Rules of the FPG Code</p> <p>Implementing Rules of the FPG Code of Conduct (page 10)</p> <p>Performance and Attendance</p>	

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 20) 9. Compliance System and Internal Control	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 18) 8.2. Conflict of Interest	
3. Board approves the Internal Audit Charter.	Compliant	Internal Audit Charter. The Internal Audit Charter was approved in the November 2021 board meeting.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Annual Report Annual Report (page 16)	
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	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Board of Director’s Terms of Reference	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	You may also refer to the Manual of Corporate Governance, Risk and Audit Committee Terms of Reference, Corporate Governance Committee Terms of Reference which supplement the Board Charter. All are available in the company's website.	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
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.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Annual Report Annual Report (page 22) Board Committees	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Audit Committee Audit Committee Terms of Reference available in the website.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Complaint	Annual Report Annual Report (page 22) Board Committees	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Annual Report Annual Report (pages 12 and 22)	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Board Committees in relation to the separate profile of the members on page 12. The Chairman of the Audit Committee is Atty. Avelino M. Sebastian Jr. Board Chairman is Mr. David Zuellig.	Atty. Sebastian is also the Chairman of the Risk, and Corporate Governance Committee.
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Annual Report Annual Report (page 22) Corporate Governance Committee	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	Annual Report Annual Report (pages 12 and 22)	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Corporate Governance Committee in relation to the separate profile of the members on page 12. The Chairman of the Corporate Governance Committee is Atty. Avelino M. Sebastian Jr. He is an independent director of the company.	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Risk and Audit Committee Risk and Audit Committee Terms of Reference By virtue of the Organizational Board Meeting dated 05 April 2021, the BORC	

		function is integrated in the Audit and Risk Committee.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Annual Report Annual Report (pages 12 and 22)	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	By virtue of the Organizational Board Meeting dated 05 April 2021, the BORC function is integrated in the Risk and Audit Committee.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	The Chairman of the BROC is Atty. Avelino M. Sebastian Jr. He is an independent director of the company.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 17) 6.1 Risk and Audit Committee “The Committee will also perform the oversight of the related party transactions.”	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Annual Report Annual Report (pages 12 and 22) Board Profile Audit and Risk Committee Members	

		The Audit and Risk Committee which acts as the RPT Committee is entirely composed of non-executive directors.	
Recommendation 3.6			
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.	Compliant	<p>Please see website:</p> <ul style="list-style-type: none"> • Terms of Reference on Risk and Audit Committee • Terms of Reference on Corporate Governance 	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<p>In line with the Committee Charter provisions on performance assessment, committee assessments were accomplished in December 2022.</p> <p>Annual Report</p> <p>Annual Report (page 22)</p> <p>Board Operations and Processes</p> <p>“xxx In 2022, the Corporate Governance Compliance Officer, thru the Corporate Secretary, distributed a Board Assessment Questionnaire. It contained survey questions on the board and committee effectiveness, xxx. The Board accomplished the questionnaire in December 2022 and the results were released in the February 2023 meeting.”</p>	
3. Committee Charters were fully disclosed on the company’s website.	Compliant	<p>Please refer to our website:</p> <p>www.fpgins.com.ph</p>	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation’s business.

Recommendation 4.1

1. The Directors attend and actively participates in all meetings of the Board, Committees and shareholders in person or through tele- /videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Annual Report Annual Report (page 23) Board Meeting Attendance	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Annual Report Annual Report (page 22) Board Operations and Processes	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Board Memo dated February 2023 Board Assessment (2022) Results (paragraph 5) Summary of Results “xxx On board and committee assessment, majority of the board members acknowledged a fair feedback system on the directors’ contributions to the Company . 5 out of 5 of the board members are satisfied with Management’s responsiveness to the board’s questions and concerns ; xxx.”	

Recommendation 4.2

1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and	Compliant	Annual Report Annual Report (page 12)	
-------------------------------------------------------------------------------------------------------------------------------------	-----------	---------------------------------------------------------------------	--

publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.		Table of Members' Profiles – Directorship in Listed Companies	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	No instance of this nature has taken place. Please refer to the Annual Report (page 12, Table on Directorships) .	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	Annual Report Annual Report (page 12) Board Profile – Atty. Avelino M. Sebastian Jr.	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Annual Report Annual Report (page 12) Board Profile – Atty. Avelino M. Sebastian Jr.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for Pre-Need companies and Health Maintenance	Compliant	Annual Report Annual Report (page 12) Board Profile – Atty. Avelino M. Sebastian Jr.	

Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this items		The independent director was first appointed in 2019.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 11)	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	4.2.1 Term Limitations "The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Annual Report Annual Report (page 12) Board Profile	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p><u>Manual of Corporate Governance</u></p> <p>2021 Manual of Corporate Governance (page 12)</p> <p>4.3 Chairman of the Board “The <u>Chairman</u> of the Board determines the effectiveness of the Board’s operations. The President, reporting to the Board in turn, has/have responsibility for the general management of the Company. The Chairman of the Board cannot concurrently serve as the President and CEO of the Company to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for an independent decision. The Chairman of the Board shall be a Non-executive Director.”</p> <p>4.3.1 Roles and Responsibilities The Chairman of the Board shall have the following roles and responsibilities: xxx.”</p> <p><u>4.4 Chief Executive Officer</u> “The Chief Executive Officer (CEO) is the President of FPG Insurance Co. He/she shall be the primary responsible officer for the management of the business and its affairs governed by the strategic direction and risk appetite approved by the board of directors. He/she shall</p>	
--------------------------------------------------------------------------------------------------------	------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		be primarily accountable to the board of directors in leading the desired conduct and behavior, corporate strategies, and in promoting the long-term and short-term interest of FPG Insurance Co.”	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	Not Applicable.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations for the same.	Compliant	<p><u>RPT Policy</u></p> <p>Related Party Transactions Policy (page 4)</p> <p>Approval of Related Party Transactions “c. Board of Directors xxx Any member of the Board who has any interest in any RPT will recuse himself and abstain from discussion and voting on the approval of the RPT. The Management and/or RPT Committee shall further disclose any conflict of interests to the Board for their management and control.”</p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit,	Non-Compliant		The Risk and Audit committee ensure proper checks and balances.

compliance and risk functions, without any executive present to ensure that proper checks and balances are in place within the corporation.			The NED has found no reason to have a separate meeting with internal controls functions.
2. The meetings are chaired by the lead independent director.	Non-Compliant		
Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Annual Report Annual Report (page 22) Board Operations and Processes “xxx In 2022, the Corporate Governance Compliance Officer, thru the Corporate Secretary, distributed a Board Assessment Questionnaire . It contained survey questions on the board and committee effectiveness, individual director self-evaluation, board responsibilities, board operations, and management performance. . The Board accomplished the questionnaire in December 2022 and the results were released in the February 2023 meeting.”	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 16)	

		4.8 Board Performance “xxx Every three years, the assessment may be supported by an external facilitator.”	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 16) 4.8. Board Performance	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Please see website for the FPG Code of Conduct .	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Please see website for the FPG Code of Conduct .	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please see website for the FPG Code of Conduct .	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Annual Report Annual Report (page 20)	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Compliance Commitment Role of the Board of Directors	

		<p>“ xxx the Board of Directors is responsible in approving and overseeing the effective implementation of the corporate objectives, compliance policies and procedures, risk management xxx.”</p>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
<p>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.</p>	Compliant	<p>Manual of Corporate Governance</p> <p>2021 Manual of Corporate Governance (page 24)</p> <p>13 Enhancing Company’s Disclosure Policies and Procedure</p> <p>“The Board shall ensure that disclosure requirements more particularly those involving material information as mandated by regulators being submitted within the prescribed period.</p> <p>All material information shall be publicly disclosed. Material information shall be anything that could potentially affect share price, and shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes in ownership.</p>	
Recommendation 8.3			

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p><u>Manual of Corporate Governance</u></p> <p>2021 Manual of Corporate Governance (pages 18 - 19)</p> <p>8.2 Conflict of Interest</p> <p>“Directors are required to disclose in writing to the Company their interest in any material contract or to request that the interest be entered in the minutes of a meeting of the Board.</p> <p>The nature of a Director’s interest must be disclosed in sufficient detail to allow the other Directors to understand what the interest is and how far it goes. A Director’s interest must also be disclosed in a timely manner.”</p> <p>As an offshoot, Directors are required, at least annually, to update their IC-mandated biodata for any change or addition in their ownerships, material interests, or directorships in other institutions.</p>	
<p>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.</p>	<p>Compliant</p>	<p>All key executives are required to accomplish the IC-mandated biodata template (e.g. material interests, past employment, present directorship). Upon selection of the key executive, the biodata is presented to the Board and relevant board-level committee for approval.</p>	

Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	<u>Board Committee.</u> Corporate Governance Committee “Remuneration Principles and Objectives 1. The remuneration of directors and key management personnel is in a sufficient amount to attract, retain and motivate people with the competencies and professional skills necessary to make the company successful. 2. The remuneration may consist of fixed and variable remuneration. 3. The remuneration of key management personnel is linked to Company Performance, which is highly transparent, and objectives. 4. Company also ensures that the remuneration provided into consideration risk, capital, liquidity, and the likelihood and timeliness of earning.”	
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		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant		
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<u>RPT Policy</u> Related Party Transactions Policy	

		The Company's Related Party Transaction Policy is available in the website.	
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	Compliant	Annual Report Annual Report (page 106, Note 27) The Annual Report contains the disclosures on the 2022 Related Party Transactions. The RPTs are also being reported to the Insurance Commission	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance	
2. Company's MCG is posted on its company website.	Compliant		
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 22) 9.3.2 External Auditor "The external auditor, duly accredited by the relevant regulatory agencies, shall be	
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		

		appointed by the Board upon recommendation of the Risk and Audit Committee. "	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Not applicable	2022 Minutes of the Annual Meeting	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	Audit and Risk Committee Audit and Risk Committee Terms of Reference (page 3) Duties and Responsibilities Audit <ul style="list-style-type: none"> ● Review the performance of the External Auditor and recommend to the Board the appointment of the External Auditor. Such review would include but not be limited to: <ul style="list-style-type: none"> a) Review of the qualifications, performance and independence of the External Auditor 	
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	xxx d) Reviews the disposition of the recommendations in the External Auditor's management letter. <ul style="list-style-type: none"> ● Reviews and approves the Interim and Annual Financial Statements before their submission to 	

		<p>the Board, with particular focus on the following matters:</p> <p>xxx</p> <p>e) Compliance with accounting standards</p> <p>f) Compliance with tax, legal and regulatory requirement.”</p> <p><u>2022 Minutes of the Annual Meeting</u></p> <p>Minutes of the Annual Meeting (page 8)</p> <p>“Appointment of the External Auditor</p> <p>xxx Resolved, that SGV be, as it hereby is retained as the Company’s external auditor for the new fiscal year (2022).”</p>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	<p><u>Annual Report</u></p> <p>Annual Report (page 26)</p> <p>Audit Fees</p>	
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.	Complaint	<p>“xxx There were no non-audit engagements paid to SGV for 2022.”</p>	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Annual Report Annual Report (page 31) At a Glance Environmental Impact	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Annual Report Annual Report (pages 31-34) At a Glance – Environmental Impact, Employee Engagement, and CSR	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	The Corporation has an official website and social media accounts: FPG Insurance Website – www.fpgins.com/ph or https://ph.fpgins.com/ FPG Insurance Facebook Page - https://www.facebook.com/fpginsurance.ph FPG Insurance LinkedIn Page - https://www.linkedin.com/company/fpg-insurance/ FPG Insurance Instagram Page - @fpginsurance.ph https://instagram.com/fpginsurance.ph	
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Annual Report Annual Report (page 16)	This is also available in the AR 2022 page 16
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Risk Management	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Internal Audit Charter Charter of FPG Internal Audit (page 1) INDEPENDENCE AND OBJECTIVITY “FPG Internal Audit will remain free from interference on matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental altitude. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating and	

		communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all relevant circumstances and not be duly influenced by their own interests or by others in forming judgments.”	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Annual Report Annual Report (page 13) List of Officers - Head of Internal Audit function is Mr. Marlon Ladesma. The Internal Audit Head Mr. Ladesma belongs to the Senior Management and was duly re-appointed by the Board in the 11 April 2022 board of directors’ meeting.	This is also available in the AR 2022 page 13
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.	Compliant/ Partly Not applicable	Partly Inapplicable. The Internal Audit function is not outsourced. Internal Audit Charter Charter of FPG Internal Audit (page 2) Responsibility	
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.	Not applicable	No instance of this nature has taken place. Currently, there is an internal auditor belonging to senior management who can manage internal audit activity.	

Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>Annual Report</p> <p>Annual Report (page 13 and 16)</p> <p>Risk Management Head of Risk – Atty Kristine Espinosa-Berris</p> <p>Manual of Corporate Governance available in the website.</p> <p>2021 Manual of Corporate Governance (page 20)</p> <p>9.1 Risk Management It is the policy of the Company to ensure that the risks are identified, analyzed and managed systematically and appropriately. The Board considers it essential that the various categories of risk are clearly identified and that appropriate senior and management accountability is designated, which together with adequate risk management process ensures that the need to be conscious of and identify risk is part of the embedded management process in the Company.</p>	
Recommendation 12.5			
1. In managing the Company's Risk Management System, the company has a Chief Risk Officer	Compliant	Annual Report	

(CRO), who is the ultimate champion of Enterprise Risk Management (ERM).		Annual Report (page 13)	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>List of Executives - Atty. Kristine Espinosa, Head of Risk</p> <p>Risk and Compliance Team was established in October 2020. Primary role is to identify, assess and monitor key risk exposures.</p> <p>The Team is headed by Atty. Kristine Espinosa, Senior Assistant Vice President.</p>	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<u>Manual of Corporate Governance</u>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p>2021 Manual of Corporate Governance (page 22)</p> <p>10.1 Right of Shareholders "The Board shall respect the following rights of the stockholders in accordance with the Company Code:</p> <ul style="list-style-type: none"> • Right to vote on all matters that require their consent and approval • Right to inspect corporate books and records • Right to information • Right to dividends • Appraisal right" 	

Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders’ Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	2022 Notice of Annual Stockholders’ Meeting Sufficient notice was given for the 2022 Annual Stockholders’ Meeting. Notice dated 17 March 2022 was sent within the timeline.	
Recommendation 13.3			
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		Minutes of the Shareholders’ Meeting are approved by the Shareholders prior to publication. Nevertheless, the minutes of the Annual Shareholder’s meeting are accessible in the website immediately following the approval of the Stockholders.
2. Minutes of the Annual and Special Shareholders’ Meetings were available on the company website within five business days from the end of the meeting.	Non-Compliant		
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Manual of Corporate Governance 2021 Manual of Corporate Governance (page 23)	
2. The alternative dispute mechanism is included in the company’s Manual on Corporate Governance.	Compliant	“10.3 Alternative Dispute Mechanism It is the policy of the Company to resolve disputes or differences with stockholders, regulatory authorities and other third parties, if and when	

		such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration. If the agreement between the Company and third parties has an arbitration clause, arbitration is the ADR system being adopted. If none, the Company initiates conciliation-earnest effort to arrive at amicable settlement. If everything fails, and the dispute progresses into court litigation, the Company strictly adheres to and complies with Supreme Court A.M. No. 11-1-6-SC-PHILJA dated January 11, 2011 [Consolidated and Revised Guidelines to Implement the Expanded Coverage of Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR)]. Relative to regulatory authorities, the Company adopts and complies with the alternative modes of dispute resolution they are using or promoting such as, but not limited to, mediation, conciliation and arbitration, in compliance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004)."	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Code of Conduct Our Code of Conduct (page 9)	

		<p>Customers, Business Partners, and Other Key Relationships</p> <p>Annual Report</p> <p>Annual Report (pages 31-34)</p> <p>At a Glance – Environmental Impact, Employees, Partners and CSR</p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<p>Code of Conduct</p> <p>Our Code of Conduct (page 9)</p> <p>Customers, Business Partners, & Other Key Relationships “Always remember to treat all parties fairly and with respect with a view to building trust in all relationships xxx.”</p>	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>Annual Report</p> <p>Annual Report (page 17)</p> <p>Whistle Blowing Policy</p>	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company’s goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company’s goals and in its governance.	Compliant	<p>Annual Report</p> <p>Annual Report (pages 31-32)</p>	

		At a Glance – Good Health and Well-Being of Employees, Employee Engagement, and Gender Sensitivity	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Code of Conduct Our Code of Conduct (page 6) Government Relationships	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.	Compliant	Annual Report Annual Report (page 17) Company Policies	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	IRR of Code of Conduct Implementing Rules of the Corporation’s Code of Conduct (page 4) Whistleblower Policy “It ensures that all employees act with integrity in all situations by reporting illegal or non-compliant conduct. <ul style="list-style-type: none"> Employees shall report any practices or actions believed to be inappropriate under the Code or illegal either to their Line Managers, Head of HR or Head of Compliance. If appropriate, in view of the nature of the reported matter, reports of violations may be made directly to higher levels 	
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		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		

		<p>including the Group's Chief Executive Officer.</p> <ul style="list-style-type: none"> Complaints may be made on a confidential basis or through Employee Hotlines (if available), which shall be properly investigated. <p>FPG Insurance prohibits retaliation against any employee for reports made in good faith, while it also protects the rights of the incriminated person.</p> <p>Also, Code of Conduct available in the website.</p> <p>Our Code of Conduct (page 17)</p> <p>Speak Up</p>	
<p>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.</p>			
<p>Recommendation 16.1</p>			
<p>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.</p>	<p>Compliant</p>	<p>Annual Report</p> <p>Annual Report 2022 (pages 31-33)</p> <p>Environmental Impact, Employees, Partners and Corporate Social Responsibility</p>	