

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

1. For Fiscal Year Ended: 2021
2. Certificate Authority No: 2022/59-R
3. Country of Incorporation: Philippines
4. Address of Principal Office: 6<sup>th</sup> Floor Zuellig Building, Makati Avenue Cor. Paseo de Roxas      Postal Code: 1225
5. Company Tel: (02) 8859-1200; (02) 8862-8600
6. Company's Official Website: [www.fpgins.com.ph](http://www.fpgins.com.ph)

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT				
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION	
The Board’s Governance Responsibilities				
<b>Principle 1:</b> 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	Please refer to <a href="#">Board Profile</a> available in the website.		
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	The board consist of five (5) Directors, One (1) is an independent director, Three (3) are non-executive director and only (1) is the 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

		Please refer to <a href="#">2021 General Information Sheet</a> available in the website	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>Please refer to 7.2 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>7.2 External Training All key officers and members of the Board are required to attend, at least once a year, a program on corporate governance and conducted by accredited training providers. FPG Insurance Co., also adopts the requirement that first governance training for at least eight (8) hours, while the annual continuing training shall be for at least four (4) hours. A director shall, within a period of six (6) months from the date of election/appointment is required to attend a seminar on corporate governance conducted by a private or government institute duly accredited by the Insurance Commission and Securities and Exchange Commission.</p>	
2. Company has an orientation program for first time directors.	Compliant	<p>Please refer to 7.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“7.1 Orientation and Education Program In assuring the highest standards of corporate governance, FPG Insurance</p>	

		Co., is fully committed in assuring that its directors and officers are equipped with training and seminars on corporate governance. The training and education of directors are delivered via classroom training, modular workshops, formal and informal sessions, self-paced learning modules, e-learning platforms, e-webinars and other ways of training delivery. For first time directors, FPG Insurance Co., provides an orientation program that is aimed at making familiarity on corporate governance principles and to keep abreast with technical knowledge of the business.”																			
3. Company has relevant annual continuing training for all directors.	Compliant	<div>The following are training attended by the Board:</div> <table><tr><td></td><td>Training Attended</td><td>Date</td></tr><tr><td>David Zuellig</td><td>Corporate Governance Orientation Program</td><td>December 6-7, 2021</td></tr><tr><td>Gigi Pio de Roda</td><td>Distinguished Corporate Governance Speaker Series</td><td>September 17, 2021</td></tr><tr><td>Avelino Sebastian Jr.</td><td>Corporate Governance Orientation Program</td><td>December 6-7, 2021</td></tr><tr><td>Ricardo Romulo</td><td>Corporate Governance Orientation Program</td><td>September 28-29, 2021</td></tr><tr><td>Kasigod V. Jamias</td><td>Corporate Governance Orientation Program</td><td>December 6-7, 2021</td></tr></table>		Training Attended	Date	David Zuellig	Corporate Governance Orientation Program	December 6-7, 2021	Gigi Pio de Roda	Distinguished Corporate Governance Speaker Series	September 17, 2021	Avelino Sebastian Jr.	Corporate Governance Orientation Program	December 6-7, 2021	Ricardo Romulo	Corporate Governance Orientation Program	September 28-29, 2021	Kasigod V. Jamias	Corporate Governance Orientation Program	December 6-7, 2021	
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1. Board has a policy on board diversity.	Compliant	<div>Please refer to 4.1.3 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</div> <div>“4.1.3 Diversity and Inclusion FPG Insurance Co., recognizes the diversity and inclusion in the Board of Directors. FPG Insurance Co., respects diversity in all aspects of operation valuing one’s age, gender, ethnicity, culture, educational background, skills, profession and competencies. The Board will assure that there is an</div>																			

		appropriate representation of women in the Board.”	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	Please refer to <a href="#">Board Profile</a> and <a href="#">2021 General Information Sheet</a> available in the website	
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	Please refer to <a href="#">Training Certificate</a>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	The Board appointed Atty. Mary Jane Aristoteles, Sr. Assistant Vice President as Corporate Governance Compliance Officer last 26 July 2021. She is not a member of the board.	
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 annually.	Compliant	The Compliance Officer attended training last July 28, 2021 which title <b>“IC-ICD-GGAPP Roundtable discussion”</b> via Zoom.	
<b>Principle 2:</b> 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>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	Please refer to 4.1.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.  “4.1.1 Mandate	

		<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>	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The Directors are aware of their duties and responsibilities. Such duties and responsibilities are embodied in 4.1.5 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website. To wit-</p> <p>"The Board of Directors is primarily responsible for defining FPG Insurance Co.'s vision and mission. The Board should oversee the development of and approve the company's business</p>	
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		

		<p>objectives and strategy, and monitor their implementation, in order to sustain the company's competitiveness and strength.</p> <p>The Board shall conduct itself with utmost honesty and integrity in the performance of, among others, the following collective duties and responsibilities:</p> <ul style="list-style-type: none"> <li>• Reviewing and determining the Company's strategic objective.</li> <li>• Determining the Company's key policies, values and standards.</li> <li>• Establishing the framework of controls which enable risk to be assessed and managed.</li> <li>• Establishing the culture of the Company.</li> <li>• Ensuring that the necessary human and financial resources are in place.</li> <li>• Monitoring progress towards the achievement of objectives and</li> </ul>	
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		<p>compliance with policies, values and standards</p> <ul style="list-style-type: none"> <li>Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.”</li> </ul>	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>David Zuellig – is the Chairman of FPG Insurance Co., Inc. He began his career in insurance in 1989 in Accette Insurance Broking as Chairman until 2011. Currently, he holds various position in the board of several industry leading businesses in Asia Pacific Region in the following sector: Insurance, healthcare distribution solution and pharmacy services.</p> <p>Please refer to <a href="#">Board Profile</a></p>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>Please refer to 4.1.8 and 4.1.9 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“4.1.8 Vacancies</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>If there is a vacancy on the Board, the remaining Directors may continue to</p>	



		<p>transact most business as long as there is a quorum.</p> <p>With respect to the Company's current Board members, if a potential conflict of interest situation were to occur, then the Director will be asked to absent himself or herself from a particular issue under discussion.</p> <p>4.1.9 Resignation and Removal</p> <p>Directors cease to hold office when they die, resign (either as a director or as an employee of the Company) or are disqualified or removed from office. A resignation is effective at the time as approved by the Board or at the time specified in the resignation, whichever is later.</p> <p>Directors may make a written statement to the Company about their reasons for resignation."</p> <p>Please also refer to 5 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>"5 Director Succession and Selection Criteria</p> <p>The Board may determine the appropriate criteria for selecting and</p>	
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		<p>assessing potential and current Directors, if necessary, and may select candidates for nomination to the Board accordingly. The Board may engage in the following activities as it deems appropriate to ensure an effective process for selecting candidates for nomination:</p> <ul style="list-style-type: none"><li>a. Develop criteria for the selection of new Directors;</li><li>b. Maintain a list of suitable candidates for the Board;</li><li>c. the Chair and the CEO shall meet with potential candidates prior to nomination to discuss the time commitments and performance expectations of the position; and</li><li>d. approve candidates selected for nomination.</li></ul> <p>A highly effective Board requires Directors to have the integrity, competencies and capabilities to carry out their fiduciary duties in the best interests of the Company and its shareholders. In order for the Directors to effectively execute their duties, they should have the requisite experience, skill, time and commitment as befits the Director of a very complex business. The following characteristics are necessary for new candidates being considered for</p>	
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		<p>nomination as well as existing Directors:</p> <p>a. a reputation for integrity and ethical behavior;</p> <p>b. a demonstrated ability to exercise judgment and communicate effectively;</p> <p>c. financially knowledgeable;</p> <p>d. prominence in the individual's area of expertise; and</p> <p>e. sufficient time to dedicate to Board and Committee work.”</p>	
<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 established a Corporate Governance Committee, which also acts as the remuneration committee of the Corporation.	
2. Board aligns the remuneration of key officers and board members with long-term interest of the company	Compliant	Please refer to 6.2 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>“ 6.2 Corporate Governance Committee</p> <p>The Corporate Governance Committee (the “Committee”) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. The Committee will also serve as the Remuneration and</p>	

		Nomination Committee of the Company.”  Please also refer to the <a href="#">Corporate Governance Committee Terms of Reference</a>	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The Board established a Corporate Governance Committee, which also acts as the remuneration committee of the Corporation.  Please refer to 6.2 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.  “ 6.2 Corporate Governance Committee The Corporate Governance Committee (the “Committee”) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. The Committee will also serve as the Remuneration and Nomination Committee of the Company.”  Please also refer to the <a href="#">Corporate Governance Committee Terms of Reference</a>	
2. Board nomination and election policy is disclosed in the company’s Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant		
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	Compliant		

governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.		Please refer to 8.2 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p>“8.3 Related-Party Transaction</p> <p>FPG Insurance Co., adopts, implements, and monitor its compliance with regulations governing related party transactions (RPTs). The guidelines include the definition of related parties, covered transactions, materiality thresholds, and the process of review, approval, and disclosure of RPTs. FPG Insurance Co.’s related party transactions guidelines serve as a protection against internal conflicts of interest between the company and/or its group and their directors, officers and significant shareholders and ensures that transactions such as loans and advances, deposit arrangements, trading of government securities and commercial papers, sale of assets, investment advisory/management, service arrangements and advances for operating expenses are made in the normal course of banking activities with terms and conditions that are generally comparable to those offered to non-related parties or to similar transactions in the market.”</p>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

		Please see <a href="#">RPT Policy</a> available in the website	
<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	<p>Please refer to 4.1.5 (B) of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“ 4.1.5 Board Duties and Responsibilities The Board of Directors is primarily responsible for defining FPG Insurance Co.’s vision and mission. The Board should oversee the development of and approve the company’s business objectives and strategy, and monitor their implementation, in order to sustain the company’s competitiveness and strength.</p> <p>Xxx xxx</p> <p>b. Appointment of Senior Management</p> <ul style="list-style-type: none"> <li>• Selecting the Chief Executive Officer and determining the terms of his contract.</li> <li>• Ensuring the adequacy of the Company’s management structure</li> </ul>	

		<p>and resources for specific and general tasks.</p> <ul style="list-style-type: none"> <li>• The planning of senior management motivation, remuneration, development, recruitment and succession.”</li> </ul>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Please refer to 4.1.5 (c) of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“ 4.1.5 Board Duties and Responsibilities</p> <p>The Board of Directors is primarily responsible for defining FPG Insurance Co.’s vision and mission. The Board should oversee the development of and approve the company’s business objectives and strategy, and monitor their implementation, in order to sustain the company’s competitiveness and strength.</p> <p>a. Xxx      xxx</p> <p>b. Xxx      xxx</p> <p>c.      Monitoring</p>	

		<ul style="list-style-type: none"> <li>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</li> <li>Monitoring management performance against strategic objectives and compliance with strategic policies and initiating appropriate corrective action if failures are revealed."</li> </ul>	
<b>Recommendation 2.9</b>			
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>Please refer to 4.1.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>"4.1.1 Mandate</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	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	



		<p>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>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Please refer to 9 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>"9 Compliance System and Internal Control</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>	

		<p>The Board considers it essential that all levels of management and employees have knowledge of and are made aware of the types of risks (e.g. business risk, underwriting, reinsurance etc.) involved in both planning activities and day-to-day performance aspects of the business.</p> <p>Apart from senior management accountability, every employee is responsible for managing risks in his work supported as necessary by expert advice and assistance, both internal and external. It is the Board's aim to engender a culture in which risks are communicated to appropriate levels in the Company and information on risk is shared through effective communication. This enables appropriate action to be identified and taken.</p> <p>9.2 Compliance</p> <p>FPG Insurance Co.'s Compliance Function is in charge of ensuring a high level of compliance culture of integrity, ethical conduct and fair dealing. The Compliance Function is directly accountable to the Risk and Audit Committee. Aside from ensuring compliance to regulations of the Insurance Commission, Securities and</p>	
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		<p>Exchange Commission, Bureau of Internal Revenue, and National Privacy Commission, the Compliance Department plays a vital role in safeguarding the reputation of FPG Insurance Co., and strengthening the trust given by stockholders, clients, vendors, employee, partners and members of the non-life insurance industry. Furthermore, the Compliance Function is the primary responsible in overseeing the implementation and enforcement of FPG Insurance Co., compliance programs and policies. Such programs and policies are designed to ensure that legal, compliance, and business risks are identified and mitigated. By performing testing and review of existing processes, the Compliance Function ensures that compliance issues are identified and effectiveness of the controls are tested.</p> <p>9.3 Audit</p> <p>9.3.1 Internal Audit</p> <p>FPG Insurance Co., has an independent internal audit function that provides independent and objective assurance, and consulting services designed to add value and improve the Company's operations and help it accomplish its objectives. The Audit Function has a</p>	
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		<p>systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes through which the Board, Management, and stockholders of the Company could obtain reasonable assurance that the Company's key organizational and procedural controls are appropriate, adequate, effective, and complied with. Internal audits shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness, and efficiency of operations, protection of assets, and compliance with laws, rules, regulations, and contracts.</p> <p>9.3.2 External Audit</p> <p>The external auditor, duly accredited by the relevant regulatory agencies, shall be appointed by the Board upon recommendation of the Risk and Audit Committee. The external auditor shall undertake an independent audit of the Corporation and provide an objective assurance on how financial statements are prepared and presented to the</p>	
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		Board and the stockholders. The external auditor should be rotated or changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the Corporation should be changed with the same frequency.”	
3. Board approves the Internal Audit Charter.	Compliant	Please refer to the <a href="#">Internal Audit Charter</a> .	
<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	Please refer to 9 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	
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	<p>“9 Compliance System and Internal Control</p> <p>9.1 Risk Management</p> <p>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>	

		Further, please refer to <a href="#">Risk Management</a> available in the website.	
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	Please refer to <a href="#">the Board of Director's Terms of Reference</a> .	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
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	<p>Please refer to 6 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>"6 Board Committees</p> <p>The Board has established committees to assist in exercising authority in monitoring the performance of Senior Management and the business. These Board level committees provides an organized</p>	

		<p>and focused means for the board of directors in achieving specific corporate goals, addressing compliance issues and those matters related to governance.</p> <p>These Board level committees has their own Terms of References which specifically provides for their purpose, objectives, memberships, structures, reporting mechanisms and other relevant information which are integral in the assessment of their performance evaluation.</p> <p>6.1 Risk and Audit Committee  The Audit and Risk Committee shall assist the Board of Directors by providing recommendations and oversight, policy-setting, information gathering and communication regarding the relevant risks, risk management system and infrastructure of the Company. It also has the oversight role with respect to financial information and audit functions by providing an independent review of the effectiveness of the financial reporting process and internal control system. The Committee will also performs the oversight of the related party transactions.</p>	
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		<p>6.2 Corporate Governance Committee</p> <p>The Corporate Governance Committee (the “Committee”) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. The Committee will also serve as the Remuneration and Nomination Committee of the Company.”</p>	
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	<p>In 2021, the Corporation has adopted a resolution creating the Audit and Risk Committee.</p> <p>Please refer to the <a href="#">Audit Committee Terms of Reference</a> available in the website.</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Complaint		
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant		
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant		
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	Compliant	<p>By virtue of the Organization Board Meeting dated 05 April 2021, the Corporate Governance Committee was established.</p>	



were formerly assigned to a Nomination and Remuneration Committee.		Please refer to the <a href="#">Terms of Reference of Governance Committee</a> available in the website.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant		
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant		
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	By virtue of the Organizational Board Meeting dated 05 April 2021, the BORC function are integrated in the Audit and Risk Committee.  Please see <a href="#">Terms of Reference of the Audit and Risk Committee</a> .	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant		
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	The Audit and Risk Committee also serves as the RPT Committee. Please see <a href="#">Terms of Reference of the Audit and Risk Committee</a>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant		
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures,	Compliant	Please see website:	

operations, reporting process, resources and other relevant information.		<ul style="list-style-type: none"><li>• <a href="#">Terms of Reference on Risk and Audit Committee</a></li><li>• <a href="#">Terms of Reference on Corporate Governance</a></li></ul>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company’s website.	Compliant		
<b>Principle 4:</b> 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>Recommendation 4.1</b>			
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	Minutes of the Meeting reflects attendance of Directors	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Materials are being provided prior to the meeting	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Minutes of the Meeting reflects active discussion of the board	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management’s proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Please refer to 4.1.7.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“4.1.7.1 General Qualifications A director shall have the minimum qualifications:</p>	

		<p>a. Holder of at least one (1) share of stock of FPG Insurance Co.</p> <p>b. He/She must be fit and proper for the position of a director. To determine whether a person is fit and proper for the position of a director, the following aspects must be considered:</p> <ul style="list-style-type: none"> <li>- possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile.</li> <li>- have a record of integrity and good repute.</li> <li>- <b><i>have sufficient time to carry out their responsibilities; and</i></b></li> <li>- <b><i>have the ability to promote a smooth interaction between board members. A good practice is the use of professional search firms or external sources when searching for candidates to the Board.</i></b></li> </ul> <p>c. He/She must have attended a seminar on corporate governance for board of directors. A director shall submit a certification of compliance with the prescribed syllabus of the Securities and Exchange Commission</p>	
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		(SEC) on corporate governance for first time corporate directors.”	
<b>Recommendation 4.3</b>			
1. The directors notify the company’s board before accepting a directorship in another company.	Compliant	No instance of this nature has taken place	
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	In a shareholder’s meeting dated 05 April 2021, the board approve the amendment of the Company’s Articles of Incorporation reducing the number of board of directors from 7 to 5.  Please refer to <a href="#">2021 Annual Meeting</a> .	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Please refer to 4.1.7.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.  “4.1.7.1 General Qualifications A director shall have the minimum qualifications:  a. Holder of at least one (1) share of stock of FPG Insurance Co. b. He/She must be fit and proper for the position of a director. To determine whether a person is fit and proper for the position of a director, the following aspects must be considered:	

		<ul style="list-style-type: none"> <li>- possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile.</li> <li>- have a record of integrity and good reputation.</li> <li>- have sufficient time to carry out their responsibilities; and</li> <li>- have the ability to promote a smooth interaction between board members. A good practice is the use of professional search firms or external sources when searching for candidates to the Board.</li> </ul> <p>c. He/She must have attended a seminar on corporate governance for board of directors. A director shall submit a certification of compliance with the prescribed syllabus of the Securities and Exchange Commission (SEC) on corporate governance for first time corporate directors.</p> <p>Members of the Board of Directors shall not be appointed as Corporate Secretary or Chief Compliance Officer."</p>	
Recommendation 5.3			

<p>1. The independent directors serve for a cumulative term of nine years.</p> <p>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 Organizations shall be from 21 September 2016.</p> <p>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</p>	<p>Compliant</p>	<p>The independent director was first appointed in the year 2020.</p> <p>Please refer to 4.2 and 4.2.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>4.2 Independent Directors An independent director refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which could interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the director's fees and shareholdings, he should be independent of management and free from any business or other relationship that could materially interfere with the exercise of his independent judgment.</p> <p>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</p>	
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		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.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Please refer to 4.2.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	
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	<p>"4.2.1 Term Limitations</p> <p>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."</p>	
Recommendation 5.4			

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Please refer to the <a href="#">Board Profile</a> available in the website	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>Please refer to 4.3 and 4.4 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>4.3 Chairman of the Board The Chairman 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:</p> <p>a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation,</p>	



		<p>considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.</p> <p>b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.</p> <p>c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.</p> <p>d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.</p> <p>e. Assures the availability of proper orientation for first time directors and continuing training opportunities for all directors; and</p> <p>f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.</p>	
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		<p>4.4 Chief Executive Officer 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 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.</p> <p>4.4.1 Qualifications The President must be a director and he must own at least 1 share or at least it should be listed in his name as owner, and if it is a non-stock corporation, he must be a member thereof. Every director/trustee must continuously own at least a share during his term or be a member. He must not have been convicted by final judgment of an offense punishable by a period in excess of six (6) years or a violation of the Revised Corporation Code, committed within a period of five (5) years prior to the date of election. He must be a Filipino citizen in the instances required by law.</p>	
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		Finally, he must possess such other qualifications as may be prescribed in the by-laws of the corporation.	
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	Please refer to the <a href="#">Board Profile</a> available in the website	
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	No instance of this nature has taken place	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant		The Risk and Audit committee ensure proper check and balances.  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		
<b>Principle 6:</b> 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.	Non-Compliant		The Annual Assessment was recently included in the 2021 Manual of Corporate Governance approved in July 26, 2021.
2. The Chairman conducts a self-assessment of his performance.	Non-Compliant		

			The first annual assessment will be conducted this year in July 2022.
3. The individual members conduct a self-assessment of their performance.	Non-Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant	There is a mandate for self-assessment please refer to 4.8 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	
5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p>“4.8 Board Performance In order to effectively implement corporate goals and its mission and vision, the Board shall conduct an assessment. The evaluation of the quality of governance should be focusing more on the effective implementation of the governance standards and principles by highlighting practices and performance of the Board of Directors and the Senior Management Team.</p> <p>The Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator. Furthermore, the Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and</p>	

		such system should allow for a feedback mechanism from the shareholders.”	
<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	<p>Please refer to 4.8 of the <a href="#">2021 Manual of Corporate Governance</a></p> <p>“4.8 Board Performance In order to effectively implement corporate goals and its mission and vision, the Board shall conduct an assessment. The evaluation of the quality of governance should be focusing more on the effective implementation of the governance standards and principles by highlighting practices and performance of the Board of Directors and the Senior Management Team.</p> <p>The Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator. Furthermore, the Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		

		such system should allow for a feedback mechanism from the shareholders.”	
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<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	Please see website  <a href="#">FPG Code of Conduct</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Please see website  <a href="#">FPG Code of Conduct</a>	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please see website  <a href="#">FPG Code of Conduct</a>	
<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	Please see website  <a href="#">FPG Code of Conduct</a>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<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	Compliant	Please refer to 13 of the <a href="#">2021 Manual of Corporate Governance</a> which was approved by the Board last 26 July 2021.	

financial condition, results and business operations.		<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>	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The company is composed of only five (5) board of directors and they follow Conflict of Interest Principle embodied in the 2021 Manual of Corporate Governance.	
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	<p>Please refer to 8.2 of the <a href="#">2021 Manual of Corporate Governance</a> which was approved by the Board last 26 July 2021.</p> <p>“ 8.2 Conflict of Interest</p>	

		<p>Directors may have a number of relationships that will put them in a position of conflict or give rise to an obligation to disclose details of a relationship.</p> <p>Directors who have an interest in a contract or proposed contract with the Company must consider the matter from two perspectives.</p> <p>(1) if the contract is material from the Company's perspective, the Directors will be under an obligation to declare their interest and, with some exceptions, to refrain from voting on the matter.</p> <p>(2) if Directors do vote on the matter, they must ensure that they do not have a conflict of interest. Voting on a matter in these circumstances would constitute a breach of their fiduciary obligation to act in the best interests of the Company.</p> <p>Directors may be considered to have an interest in a contract not only if they themselves are a party to the contract, but also if they have a material interest in any person or entity who is a party to the contract. A material interest in an entity is generally interpreted to mean an interest that is sufficient to</p>	
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		<p>result in some benefit or potential benefit to the Director.</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>	
<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	<p>Please refer to Remuneration Policy in <a href="#">Board Committee</a>.</p> <p>" Remuneration Principles and Objectives</p> <p>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.</p>	
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.	Non- Compliant	<p>2. The remuneration may consist of fixed and variable remuneration.</p> <p>3. The remuneration of key management personnel is linked to Company Performance, which is highly transparent, and objectives.</p> <p>4. Company also ensures that the remuneration provided into consideration risk, capital, liquidity, and the likelihood and timeliness of earning.”</p>	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Please refer to the <a href="#">Related Party Transaction Policy</a>	
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	Non-Compliant	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> <li>4. type/nature of transaction;</li> <li>5. amount or contract price;</li> <li>6. terms of the transaction;</li> <li>7. rationale for entering into the transaction;</li> <li>8. the required approval (i.e., names of the board of</li> </ol>	Related Party Transactions are being reported to the Insurance Commission. However, the Company has not yet disclose the same in its website or Annual report.

		directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Please refer to <a href="#">2021 Manual of Corporate Governance</a> approved by the Board in a meeting dated July 26, 2021.	
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	Please refer to 9.3.2 <a href="#">2021 Manual of Corporate Governance</a> approved by the Board in a meeting dated July 26, 2021.  <b>9.3.2 External Audit</b> The external auditor, duly accredited by the relevant regulatory agencies, shall be appointed by the Board upon recommendation of the Risk and Audit Committee. The external auditor shall undertake an independent audit of the Corporation and provide an objective assurance on how financial statements	
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		

		are prepared and presented to the Board and the stockholders. The external auditor should be rotated or changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the Corporation should be changed with the same frequency.	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	Please refer to Section 7 of <a href="#">the Audit and Risk Committee</a> – Terms of Reference.	
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	Please refer to Section 7 of <a href="#">the Audit and Risk Committee</a> – Terms of Reference.	
<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 will disclose non-audit services should there be any. However, for this reporting period.	

		There was no non-audit services performed by external auditor.	
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	Please refer to Section 7 of <a href="#">the Audit and Risk Committee</a> – Terms of Reference.	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<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	<p>Please refer to 12 of <a href="#">2021 Manual of Corporate Governance</a> approved by the Board in a meeting dated July 26, 2021.</p> <p>"12 Encouraging Sustainability and Social Responsibility</p> <p>The Company shall adopt a policy for the disclosure of material and reportable information regarding non-financial and sustainability issues, with a focus on the management of economic, environmental, social, and governance (EESG) issues of the business, following a globally recognized standard in reporting sustainability and non-financial information. The Board shall endeavor to interact with communities in which they operate."</p>	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Please refer to the <a href="#">Sustainability Report</a> found in our website.	
<b>Principle 11:</b> 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>Recommendation 11.1</b>			
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	<p>The Corporation has official website and social media account</p> <p><a href="http://www.fpgins.com">www.fpgins.com</a>.</p> <p><a href="https://www.facebook.com/1573981652857958/">https://www.facebook.com/1573981652857958/</a></p> <p><a href="https://www.linkedin.com/company/fpg-insurance">https://www.linkedin.com/company/fpg-insurance</a></p>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> 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>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Please refer to <a href="#">Risk Management Policy</a> .	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>Please refer to 9 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>"9 Compliance System and Internal Control</p>	

		<p>9.1 Risk Management</p> <p>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>	
<b>Recommendation 12.2</b>			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company’s operations.</p>	Compliant	<p>Please refer to 9.3.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“ 9.3.1 Internal Audit FPG Insurance Co., has an independent internal audit function that provides independent and objective assurance, and consulting services designed to add value and improve the Company's operations and help it accomplish its objectives. The Audit Function has a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes through which the Board,</p>	

		Management, and stockholders of the Company could obtain reasonable assurance that the Company's key organizational and procedural controls are appropriate, adequate, effective, and complied with. Internal audits shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness, and efficiency of operations, protection of assets, and compliance with laws, rules, regulations, and contracts."	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	The Internal Audit Head belongs to the Senior Management and is duly appointed by the Board last 26 July 2021.  Please refer to the <a href="#">List of Officers</a> .	
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	The Head of Internal audit is responsible for the internal audit activity of the Organization  Please see <a href="#">Audit Charter</a> .	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the	Compliant	No instance of this nature has taken place. Currently, there is an internal auditor belonging to senior	



responsibility for managing the fully outsourced internal audit activity.		management who can manage fully outsource internal audit activity.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>Please refer to 9.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p><b>9.1 Risk Management</b> 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> <p>The Board considers it essential that all levels of management and employees have knowledge of and are made aware of the types of risks (e.g. business risk, underwriting, reinsurance etc.) involved in both planning activities and day-to-day performance aspects of the business.</p>	

		<p>Apart from senior management accountability, every employee is responsible for managing risks in his work supported as necessary by expert advice and assistance, both internal and external. It is the Board's aim to engender a culture in which risks are communicated to appropriate levels in the Company and information on risk is shared through effective communication. This enables appropriate action to be identified and taken.</p> <p>9.2 Compliance</p> <p>FPG Insurance Co.'s Compliance Function is in charge of ensuring a high level of compliance culture of integrity, ethical conduct and fair dealing. The Compliance Function is directly accountable to the Risk and Audit Committee. Aside from ensuring compliance to regulations of the Insurance Commission, Securities and Exchange Commission, Bureau of Internal Revenue, and National Privacy Commission, the Compliance Department plays a vital role in safeguarding the reputation of FPG Insurance Co., and strengthening the trust given by stockholders, clients, vendors, employee, partners and members of the non-life insurance</p>	
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		industry. Furthermore, the Compliance Function is the primary responsible in overseeing the implementation and enforcement of FPG Insurance Co., compliance programs and policies. Such programs and policies are designed to ensure that legal, compliance, and business risks are identified and mitigated. By performing testing and review of existing processes, the Compliance Function ensures that compliance issues are identified and effectiveness of the controls are tested.	
<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	A Risk and Compliance Department was established in October 2020. Primary role is to identify, assess and monitor key risk exposures.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>The Department is being headed by Atty. MJ Aristoteles, Senior Assistant Vice President, who has relevant experience in Risk and Compliance.</p> <p>Please refer to the <a href="#">List of Officers</a>.</p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Please refer to 10.1 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.	

2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<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"><li>• Right to vote on all matters that require their consent and approval</li><li>• Right to inspect corporate books and records</li><li>• Right to information</li><li>• Right to dividends</li><li>• Appraisal right”</li></ul>	
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.	Complaint	Sufficient notices were given in accordance to the <a href="#">Company By-Laws</a> .	
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		The reason being is that the Corporate Secretary is external and handles the whole Zuellig Group of Companies. Nevertheless, the minutes of the Annual Shareholder’s meeting is accessible at the website although not within the time prescribe.
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-Complaint		
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.	Complaint	<p>Please refer to 10.3 of the <a href="#">2021 Manual of Corporate Governance</a> available in the website.</p> <p>“10.3 Alternative Dispute Mechanism</p>	
2. The alternative dispute mechanism is included in the company’s Manual on Corporate Governance.	Complaint	<p>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,</p>	

		conciliation and arbitration, in compliance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004).”	
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> 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>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	Please see <a href="#">Code of Conduct</a> available in the website.	
<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	Please see the Implementing Rules of the <a href="#">Corporation’s Code of Conduct</a>	
<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	<p>Please see the Implementing Rules of the <a href="#">Corporation’s Code of Conduct</a></p> <p>Specifically, whistleblowing:</p> <p><b>STOCKHOLDERS’ RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS’ INTERESTS</b></p> <ul style="list-style-type: none"> <li>• The Board shall respect the following rights of the stockholders in accordance with the Company Code:</li> <li>✓ Right to vote on all matters that require their consent and approval</li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Right to inspect corporate books and records</li> <li>✓ Right to information</li> <li>✓ Right to dividends</li> <li>✓ Appraisal right</li> <li>• The Board shall respect the rights of the minority stockholders to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in the Company's By-Laws.</li> <li>• The Board shall be transparent and fair in conduct of the annual and special stockholders' meetings. The stockholders should be encouraged to personally attend such meetings. If they could not attend, they should be apprised ahead of time of their right to appoint a proxy subject to the requirement of the By-Laws.</li> <li>• The Board shall promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely</li> </ul>	
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		redress for violation of their rights.	
<b>Principle 15:</b> 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>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	Please see <a href="#">Code of Conduct</a> available in the website.	
<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	Please see <a href="#">Code of Conduct</a> available in the website.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The Policy and Program to the employees are being cascaded thru Human Resource Department	
<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	Please see the Implementing Rules of the <a href="#">Corporation's Code of Conduct</a>  Specifically, whistleblowing:  Whistleblowing 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		



<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>It ensures that all employees act with integrity in all situations by reporting illegal or non-compliant conduct.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• If appropriate, in view of the nature of the reported matter, reports of violations may be made directly to higher levels including the Group's Chief Executive Officer.</li> <li>• Complaints may be made on a confidential basis or through Employee Hotlines (if available), which shall be properly investigated.</li> </ul> <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>Please see <a href="#">Code of Conduct</a> available in the website.</p>	
<p><b>Principle 16:</b> 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><b>Recommendation 16.1</b></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>Non-Compliant</p>		<p>The Company failed to organize a CSR activity for 2021 due to the numerous lockdown as declared by the government because of Covid-19 pandemic.</p> <p>Nonetheless, the company will have a CSR activity for the year 2022. Likewise, the company is fully committed to organize CSR activity yearly.</p>
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