

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	Please refer to Board Profile 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	<p>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.</p> <table border="1"> <tr> <td>David Zuellig</td> <td>Non-Executive Director</td> </tr> <tr> <td>Generosa Pio de Roda-Reyes</td> <td>Executive Director</td> </tr> <tr> <td>Ricardo Romulo</td> <td>Non-Executive Director</td> </tr> <tr> <td>Kasigod V. Jamias</td> <td>Non-Executive Director</td> </tr> </table>	David Zuellig	Non-Executive Director	Generosa Pio de Roda-Reyes	Executive Director	Ricardo Romulo	Non-Executive Director	Kasigod V. Jamias	Non-Executive Director	
David Zuellig	Non-Executive Director										
Generosa Pio de Roda-Reyes	Executive Director										
Ricardo Romulo	Non-Executive Director										
Kasigod V. Jamias	Non-Executive Director										

		Avelino M. Sebastian, Jr.	Independent Director	
		Please refer to 2020 General Information Sheet available in the website		
Recommendation 1.3				
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	FPG Corporate Governance Provides: “A Director should keep abreast with industry developments and business trends and seek continuous professional education in order to promote the Company’s competitiveness.” Please refer to Corporate Governance Manual available in the website.		
2. Company has an orientation program for first time directors.	Compliant	Please see Selection, Appointment and Orientation of New Director available in the website		
3. Company has relevant annual continuing training for all directors.	Non-Compliant			No training conducted for 2020 due to pandemic. Will have a scheduled training in the later part of 2021.
Recommendation 1.4				
1. Board has a policy on board diversity.	Compliant	Please refer to Board Diversity available in the website		This has been further updated in the 2021 Manual of Corporate Governance approved by the Board in July 26, 2021 Board Meeting.
Recommendation 1.5				
1. Board is assisted by a Corporate Secretary.	Compliant			

2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Please refer to Board Profile and 2020 General Information Sheet available in the website	
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 training Certificate
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Non-Compliant		<p>Despite the absence of the Compliance Officer, the board in its Corporate Governance Manual., page 17 states that –</p> <p>“The Board of Directors and Management Officers commit to strictly adhere with the principles, provisions and requirements enclosed in this Corporate Governance Manual. All Directors and Management Officers are endeavored to ensure rigorous dissemination of this Manual to all employees within the organization and to likewise enjoy compliance.”</p> <p>Please refer to Corporate Governance Manual available in the website.</p> <p>The company hired Atty. Mary Jane Aristoteles, Head of Risk and Compliance. She was appointed as Corporate Governance Compliance Officer in a meeting dated July 26, 2021.</p> <p>The company hired Atty. Mary Jane Aristoteles, Head of Risk and Compliance. She was appointed as Corporate Governance Compliance Officer in a meeting dated July 26 and will undergo training annually.</p>
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant		
3. Compliance Officer is not a member of the board.	Non-Compliant		
4. Compliance Officer attends training/s on corporate governance annually.	Non-Compliant		

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

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>FPG Corporate Governance Manual provides for the general duties of individual directors.</p> <p>“Individual Director</p> <p>A Director’s Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company toward sustained progress.”</p> <p>Please refer to Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the recently adopted 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
-----------------------------------------------------------------------------------------------------------------------------------------	------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Recommendation 2.2

<p>1. Board oversees the development, review and approval of the company’s business objectives and strategy.</p>	<p>Compliant</p>	<p>The Directors are aware of their duties and responsibilities. Such duties and responsibilities are embodied in the FPG Corporate Governance Manual. To wit-</p>	
<p>2. Board oversees and monitors the implementation of the company’s business objectives and strategy in order to sustain</p>	<p>Compliant</p>		

<p>the company's long term viability and strength</p>		<p>“Duties and Responsibilities To ensure a high standard of best practices for the Company and for its stockholders, the Board shall always 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">• Reviewing and determining the Company's strategic objective• Determining the Company's key policies, values and standards• Establishing the framework of controls which enable risk to be assessed and managed• Establishing the culture of the Company• Ensuring that the necessary human and financial resources are in place• Monitoring progress towards the achievement of objectives and compliance with policies, values and standards• Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities	
-------------------------------------------------------	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		<p>Please refer to Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption of 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 2.3			
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 Board Profile</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The FPG Corporate Governance Manual provides that it is the responsibility of the board to appoint senior management and also to ensure the adequacy of personnel and remuneration program. The Manual provides:</p> <p>“b) Appointing Senior Management</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		

		<ul style="list-style-type: none"> • 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. The planning of senior management motivation, remuneration, development, recruitment and succession.” <p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	FPG Corporate Governance Manual provides that: The Board shall establish the following committees: Xxx	
2. Board aligns the remuneration of key officers and board members with long-term interest of the company	Compliant	Remuneration and Compensation Committee	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	The Remuneration and Compensation Committee may be composed of at least (3) members	

		<p>from the Board, one (1) of whom shall be an Independent Director.</p> <ul style="list-style-type: none">• The Committee shall recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy and business environment.• Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the Company successfully.• The Committee shall require and approve full business interest disclosure as part of the requirements for appointment of Directors and pre-employment requirements for Management Officers. Directors and Officers are to declare all their existing business interests or shareholdings that may directly or indirectly in their performance of duties.”	
--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		<p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	FPG Corporate Governance Manual provides that:	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	<p>"The Board shall establish the following committees:</p> <p>Xxx</p> <p>Nomination Committee</p> <ul style="list-style-type: none"> The Nomination Committee, reporting directly to the Board, may be composed of at least three (3) members from the Board, one (1) of whom shall be an Independent Director. The Board shall ensure that the members of the Nomination Committee are appropriately qualified to discharge their responsibilities. The Nomination Committee shall review regularly the structure, size, and composition of the Board, the audit committee, the executive committee and the remuneration committee and 	
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		

		<p>make recommendations to the Board with regard to any adjustments that are deemed necessary.</p> <ul style="list-style-type: none"> • It should keep under review the leadership needs of the Company and be satisfied that the plans are in place for orderly succession for appointments to the Board so as to maintain an appropriate balance of skills and experience on the Board. • For the appointment of the Chairman, it should maintain a description of the role and capabilities required for the appointment, including an assessment of the time commitment expected, and to be responsible for identifying and nominating candidates for the approval of the Board. • Recommend guidelines in the selection of nominee for Director which may include the following based on the perceived needs of the Board at a certain point in time: <ul style="list-style-type: none"> ▪ Nature of the business of the Company which he is a Director of ▪ Age of the Director nominee ▪ Number of Directorships/active memberships and officerships in other 	
--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		<ul style="list-style-type: none"> ▪ Companies or organizations ▪ Possible conflict of interest <ul style="list-style-type: none"> • Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors." <p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
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	The Company has Related Party Transaction Policy which defines the responsibility of the Board and includes the appropriate review and approval of material RPT.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Please see RPT Policy available in the website	
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			

<p>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).</p>	<p>Compliant</p>	<p>The FPG Corporate Governance Manual provides that it is the responsibility of the board to appoint senior management and also to ensure the adequacy of personnel and remuneration program. The Manual provides:</p> <p>“b) Appointing Senior Management</p> <ul style="list-style-type: none"> • 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. The planning of senior management motivation, remuneration, development, recruitment and succession.” <p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
<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>	<p>Compliant</p>	<p>The FPG Corporate Governance Manual provides that:</p> <p>“Internal Controls and Internal Audit The control environment of the Company consists of (a) the Board</p>	

		<p>which ensures that the Company is properly and effectively managed and supervised; (b) Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information system and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information system, reliability and integrity of financial and operational information, safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility includes selection of the person who possess the ability, integrity and expertise essential in performing the duties and responsibilities for the position of CEO; evaluation of proposed Senior Management appointments; and review of the Company's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.</p>	
--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		<p>The Company's systems of effective organizational and operational controls shall be continuously developed and updated based on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.</p> <p>The Board shall establish an internal audit system that can reasonably assure the Board, Management and Stockholders that the Company's key organizational and operational controls are faithfully complied with. The Board shall appoint a Corporate Auditor to perform the internal audit function, and shall require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Board shall formally evaluate the performance of the Corporate Auditor, including his replacement, reassignment or dismissal. The Corporate Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing."</p>	
--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		<p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
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>FPG Corporate Governance Manual provides:</p> <p>"The minimum internal control mechanisms for the performance of the Board's oversight responsibility includes selection of the person who possess the ability, integrity and expertise essential in performing the duties and responsibilities for the position of CEO; evaluation of proposed Senior Management appointments; and review of the Company's human resource policies, conflict of interest situations, compensation program for employees and management succession plan."</p> <p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption</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>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption</p>	

		2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	FPG Corporate Governance Manual provides:	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>“The Company’s systems of effective organizational and operational controls shall be continuously developed and updated based on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.”</p> <p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
3. Board approves the Internal Audit Charter.	Non-compliant	Provide reference or link to the company’s Internal Audit Charter	Despite the absence of Audit charter. The FPG Corporate Governance Manual provides for the specific duties and responsibility of Audit Committee. To wit –

			<ul style="list-style-type: none"> • “The Audit Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall be an Independent Director. Members are preferably with accounting and finance experiences. • Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process, and monitoring of compliance with applicable laws, rules and regulations. • Recommend appointment and removal of External Auditors and perform oversight Functions • Appoint a Corporate Auditor and review and approve the Internal Audit Plan to ensure conformity with the objectives of the Company. • Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. • Review the reports submitted by the Internal and External Auditors. • Review the content of the Annual Report and Financial Statements having regard to the findings of the audit before submission to the Board focusing particularly on: • significant accounting policies and practice; <ul style="list-style-type: none"> ▪ major estimates and judgments; ▪ clarity and completeness of disclosures; ▪ the going concern assumption;
--	--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

			<ul style="list-style-type: none"> ▪ compliance with financial reporting and accounting standards; and ▪ compliance with other legal requirements” <p>Please refer to the Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>
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	The Board has the ultimate responsibility for ensuring that the Company’s risk management systems are adequate, effectively designed, in placed and are operating effectively. The Company has Risk Management Team composed of individuals from different fields and departments to ensure that risk management and internal controls are set and consistently followed across different risks (e.g. insurance risk, financial risk, etc) with which the Company is exposed.	
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>Please refer to Risk Management available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate</p>	

		Governance approved by the Board in a meeting dated July 26, 2021.	
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.	Non-Compliant	Provide link to the company's website where the Board Charter is disclosed.	There is no adopted Board Charter but the board is governed by Corporate Governance Manual as to their guide in the performance of their duties. Please refer to the Corporate Governance Manual available in the website. Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021. A board charter is plan to establish this year 2021.
2. Board Charter serves as a guide to the directors in the performance of their functions.	Non-Compliant		
3. Board Charter is publicly available and posted on the company's website.	Non-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.	Non-Compliant		The Board is composed of only 5 directors and fully owned by one entity. Nonetheless, in the Organizational Board Meeting dated 05 April 2021 Committees were now established.
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	Non-Compliant	In 2020, the Corporation did not establish committees. The Board itself handles audit, risk management, related party	This has now been rectified in the Organizational Board Meeting dated 05 April 2021. Excerpt on the Minutes of the Meeting is as follow:

processes, and compliance with applicable laws and regulations.		transactions, and other key corporate governance concerns, such as nomination and remuneration.	<p>“APPROVAL OF CREATION OF BOARD COMMITTEES AND ELECTION OF COMMITTEE MEMBERS</p> <p>The President informed the Board that the Insurance Commission is requiring insurance companies to create its board committees namely Audit and Risk Committee and Corporate Governance Committee. It was recommended and the Board unanimously approved the creation of the Company’s Audit and Risk Committee and Corporate Governance Committee and the election of its respective members as follows:</p> <p>Audit and Risk Committee:</p> <p>Kasigod V. Jamias - Chairman David Zuellig - Member Avelino M. Sebastian - Member</p> <p>Corporate Governance Committee:</p> <p>Avelino M. Sebastian - Chairman David Zuellig - Member Generosa Pio de Roda - Member Kasigod V. Jamias - Member</p> <p>Thus, on motion duly made and seconded, it was -</p> <p>FPG Insurance Co. Inc. Circular Resolution No. 4-5-2021(18)</p> <p>“RESOLVED, that the Board of Directors of FPG INSURANCE & CO., INC. (the “Corporation”) unanimously approved the creation of the Audit and Risk Committee and</p>
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Non-Complaint		
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Non-Compliant		
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-Compliant		

			<p>the election/appointment of its members as follows:</p> <p>Audit and Risk Committee: Kasigod V. Jamias - Chairman David Zuellig - Member Avelino M. Sebastian - Member</p> <p>Corporate Governance Committee: Avelino M. Sebastian - Chairman David Zuellig - Member Generosa Pio de Roda - Member Kasigod V. Jamias - Member”</p> <p>Please refer to the Audit Committee Terms of Reference available in the website.</p>
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.	Non-compliant	In 2020, the Corporation did not establish committees. The Board itself handles audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration.	<p>This has now been rectified in the Organizational Board Meeting dated 05 April 2021. Excerpt on the Minutes of the Meeting is as follow:</p> <p>“APPROVAL OF CREATION OF BOARD COMMITTEES AND ELECTION OF COMMITTEE MEMBERS</p> <p>The President informed the Board that the Insurance Commission is requiring insurance companies to create its board committees namely Audit and Risk Committee and Corporate Governance Committee. It was recommended and the Board unanimously approved the creation of the Company’s Audit and Risk Committee and</p>
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-compliant		
3. Chairman of the Corporate Governance Committee is an independent director.	Non-compliant		

Corporate Governance Committee and the election of its respective members as follows:

Audit and Risk Committee:

Kasigod V. Jamias - Chairman
David Zuellig - Member
Avelino M. Sebastian - Member

Corporate Governance Committee:

Avelino M. Sebastian - Chairman
David Zuellig - Member
Generosa Pio de Roda - Member
Kasigod V. Jamias - Member

Thus, on motion duly made and seconded, it was -

FPG Insurance Co. Inc.

Circular Resolution No. 4-5-2021(18)

“RESOLVED, that the Board of Directors of **FPG INSURANCE & CO., INC.** (the “Corporation”) unanimously approved the creation of the Audit and Risk Committee and the election/appointment of its members as follows:

Audit and Risk Committee:

Kasigod V. Jamias - Chairman
David Zuellig - Member
Avelino M. Sebastian - Member

Corporate Governance Committee:

Avelino M. Sebastian - Chairman
David Zuellig - Member
Generosa Pio de Roda - Member

			<p>Kasigod V. Jamias - Member”</p> <p>Please refer to the Terms of Reference of Governance Committee available in the website.</p>
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.	Non-Compliant	<p>In 2020, the Corporation did not establish committees. The Board itself handles audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration.</p>	<p>This has now been rectified in the Organizational Board Meeting dated 05 April 2021. Excerpt on the Minutes of the Meeting is as follow:</p> <p>“APPROVAL OF CREATION OF BOARD COMMITTEES AND ELECTION OF COMMITTEE MEMBERS</p> <p>The President informed the Board that the Insurance Commission is requiring insurance companies to create its board committees namely Audit and Risk Committee and Corporate Governance Committee. It was recommended and the Board unanimously approved the creation of the Company’s Audit and Risk Committee and Corporate Governance Committee and the election of its respective members as follows:</p> <p>Audit and Risk Committee: Kasigod V. Jamias - Chairman David Zuellig - Member Avelino M. Sebastian - Member</p> <p>Corporate Governance Committee: Avelino M. Sebastian - Chairman David Zuellig - Member Generosa Pio de Roda - Member Kasigod V. Jamias - Member</p>
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non- Compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		

			<p>Thus, on motion duly made and seconded, it was -</p> <p>FPG Insurance Co. Inc. Circular Resolution No. 4-5-2021(18)</p> <p>“RESOLVED, that the Board of Directors of FPG INSURANCE & CO., INC. (the “Corporation”) unanimously approved the creation of the Audit and Risk Committee and the election/appointment of its members as follows:</p> <p>Audit and Risk Committee: Kasigod V. Jamias - Chairman David Zuellig - Member Avelino M. Sebastian - Member</p> <p>Corporate Governance Committee: Avelino M. Sebastian - Chairman David Zuellig - Member Generosa Pio de Roda - Member Kasigod V. Jamias - Member”</p> <p>The BORC function are integrated in the Audit and Risk Committee.</p> <p>Please see Terms of Reference of the Audit and Risk Committee.</p>
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is	Compliant	Please refer to Related Party Transaction Policy available in the website	

tasked with reviewing all material related party transactions of the company.			
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-compliant	Please refer to Related Party Transaction Policy available in the website	
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.	Non-compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	For 2020, no Committee Charter was adopted. But this is now rectified. Please see website: <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.	Non-compliant		
3. Committee Charters were fully disclosed on the company's website.	Non-compliant		
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	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	
Recommendation 4.2			
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	Please refer to Corporate Governance Manual available in the website. Compliance to this Principle is further strengthen in the recently adopted 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.	
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	
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.	Non-Compliant	Provide information or link/reference to a document containing information on the number of independent directors in the board	This has been remedied by reducing the number of board seat from 7 to 5. 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.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Independent director's qualification was reviewed in accordance with the Corporate Governance Code Please refer to Corporate Governance Manual available in the website.	

		Compliance to this Principle is further strengthen in the recently adopted 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.	
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>	Compliant	The independent director was first appointed last year 2020.	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	Compliant	<p>Please refer to Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the recently adopted 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides</p>	Compliant	Please refer to Corporate Governance Manual available in the website.	

<p>meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>		<p>Compliance to this Principle is further strengthen in the recently adopted 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 5.4			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>Please refer to the Board Profile available in the website</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Please refer to Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the recently adopted 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 5.5			
<p>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.</p>	<p>Compliant</p>	<p>Please refer to Corporate Governance Manual available in the website.</p> <p>Compliance to this Principle is further strengthen in the adoption of 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 5.6			
<p>1. Directors with material interest in a transaction affecting the corporation abstain</p>	<p>Compliant</p>	<p>No instance of this nature has taken place</p>	

from taking part in the deliberations for the same.			
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	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	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		The NED has found no reason to have a separate meeting with internal controls functions.
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.	Non-Compliant		Board assessment will start this year in compliance to 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.
2. The Chairman conducts a self-assessment of his performance.	Non-Compliant		
3. The individual members conduct a self-assessment of their performance.	Non-Compliant		
4. Each committee conducts a self-assessment of its performance.	Non-Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to	Non-Compliant		Board assessment will start this year in compliance to 2021 Manual of Corporate

determine the performance of the Board, individual directors and committees.			Governance approved by the Board in a meeting dated July 26, 2021.
2. The system allows for a feedback mechanism from the shareholders.	Non-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 FPG Code of Conduct	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Please see website FPG Code of Conduct	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please see website 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	Please see website FPG Code of Conduct	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		
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			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and	Non-Compliant		There is no corporate disclosure policies and procedure in place. Nevertheless, this is still being achieve as the Corporation is wholly

<p>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>			<p>owned by only one entity and was fully aware of the Company's operation.</p> <p>Compliance to this Principle is now in place with the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>
<p>Recommendation 8.3</p>			
<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>Non-Compliant</p>		<p>There is no corporate disclosure policies and procedure in place. Nevertheless, this is still being achieve as the Corporation is wholly owned by only one entity and was fully aware of the board members material information.</p> <p>Compliance to this Principle is now in place with the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</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>Non-Compliant</p>		<p>There is no yet corporate disclosure policies and procedure. Nevertheless, this is still being achieve as the Corporation is wholly owned by only one entity and the major shareholder is fully aware of relevant and material information on key executives.</p>
<p>Recommendation 8.4</p>			
<p>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</p>	<p>Compliant</p>	<p>FPG Corporate Governance Manual provides:</p> <p>Remuneration and Compensation Committee</p>	

Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.		<ul style="list-style-type: none"> The Remuneration and Compensation Committee may be composed of at least (3) members from the Board, one (1) of whom shall be an Independent Director. 	
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	<ul style="list-style-type: none"> The Committee shall recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy and business environment. 	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<ul style="list-style-type: none"> Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the Company successfully. The Committee shall require and approve full business interest disclosure as part of the requirements for appointment of Directors and pre-employment requirements for Management Officers. Directors and Officers are 	

		<p>to declare all their existing business interests or shareholdings that may directly or indirectly in their performance of duties.</p> <p>Compliance to this Principle is further enhance with the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.</p>	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Please Related Party Transaction Policy	
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"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who 	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.

		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	Compliance to this Principle is further enhance with the adoption 2021 Manual of Corporate Governance 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	FPG Corporate Governance Manual provides: External Auditor The Board, after consultation with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Insurance Commission who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements are prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Company. Non-audit	
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		

		<p>work may be given to the External Auditor, provided it does not conflict with his duties as an independent External Auditor, or does not pose a threat to his independence.</p> <p>If the External Auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any agreement between the External Auditor and the Company on accounting principles or practices, financial disclosures or audit procedures which the former External Auditor and the Company failed to resolve satisfactorily. A preliminary copy of said report shall be given by the Company to the External Auditor before its submission.</p> <p>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 Company, should be changed with the same frequency.</p> <p>Please refer to the Corporate Governance Manual available in the website.</p>	
--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

		Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.																			
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. 	Non-Compliant	Provide link/reference to the company's Audit Committee Charter	<p>This has now been rectified in the Organizational Board Meeting dated 05 April 2021. Excerpt on the Minutes of the Meeting is as follow:</p> <p>“APPROVAL OF CREATION OF BOARD COMMITTEES AND ELECTION OF COMMITTEE MEMBERS</p> <p>The President informed the Board that the Insurance Commission is requiring insurance companies to create its board committees namely Audit and Risk Committee and Corporate Governance Committee. It was recommended and the Board unanimously approved the creation of the Company's Audit and Risk Committee and Corporate Governance Committee and the election of its respective members as follows:</p> <p>Audit and Risk Committee:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Kasigod V. Jamias</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 15%;">Chairman</td> </tr> <tr> <td>David Zuellig</td> <td style="text-align: center;">-</td> <td>Member</td> </tr> <tr> <td>Avelino M. Sebastian</td> <td style="text-align: center;">-</td> <td>Member</td> </tr> </table> <p>Corporate Governance Committee:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Avelino M. Sebastian</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 15%;">Chairman</td> </tr> <tr> <td>David Zuellig</td> <td style="text-align: center;">-</td> <td>Member</td> </tr> <tr> <td>Generosa Pio de Roda</td> <td style="text-align: center;">-</td> <td>Member</td> </tr> </table>	Kasigod V. Jamias	-	Chairman	David Zuellig	-	Member	Avelino M. Sebastian	-	Member	Avelino M. Sebastian	-	Chairman	David Zuellig	-	Member	Generosa Pio de Roda	-	Member
Kasigod V. Jamias	-	Chairman																			
David Zuellig	-	Member																			
Avelino M. Sebastian	-	Member																			
Avelino M. Sebastian	-	Chairman																			
David Zuellig	-	Member																			
Generosa Pio de Roda	-	Member																			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Non- Compliant	Provide link/reference to the company's Audit Committee Charter																			

			<p>Kasigod V. Jamias - Member</p> <p>Thus, on motion duly made and seconded, it was -</p> <p>FPG Insurance Co. Inc. Circular Resolution No. 4-5-2021(18)</p> <p>“RESOLVED, that the Board of Directors of FPG INSURANCE & CO., INC. (the “Corporation”) unanimously approved the creation of the Audit and Risk Committee and the election/appointment of its members as follows:</p> <p>Audit and Risk Committee: Kasigod V. Jamias - Chairman David Zuellig - Member Avelino M. Sebastian - Member</p> <p>Corporate Governance Committee: Avelino M. Sebastian - Chairman David Zuellig - Member Generosa Pio de Roda - Member Kasigod V. Jamias - Member”</p>
Recommendation 9.3			
<p>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.</p>	<p>Non-Compliant</p>		<p>This has now been rectified in the Organizational Board Meeting dated 05 April 2021.</p> <p>Please see Audit and Risk Committee TOR</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.	Non-Complaint		The Audit Charter was presented to the Audit and Risk Committee in a meeting dated 26 July 2021.
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------	--	------------------------------------------------------------------------------------------------------------------

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.	Non-compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	For 2020, no EESG policies yet. To be rectified this year 2021.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-compliant	Provide link to Sustainability Report, if any. Disclose the standards used.	

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 official website and social media account www.fpgins.com . https://www.facebook.com/1573981652857958/ https://www.linkedin.com/company/fpg-insurance	
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

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	There is an internal audit function in 2020. The Risk and Compliance Department is established in October 2020.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-compliant		In 2020, simple risk management is being conducted such as identifying risk and mitigate the same once identified. There is no documented policy. The Risk Management Policy will be rectified this year 2021.
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 is in place in 2020.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-compliant		The Company has its Internal Audit Head belonging to senior management. However, he was not appointed by the board.
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	This was recently rectified in a meeting of the board dated July 26, 2021 where the board appoint Marlon Ladesma as the Company's internal Auditor.
3. In case of a fully outsourced internal audit activity, a qualified independent executive	Compliant	No instance of this nature has taken place. Currently, there is an internal	

or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.		auditor belonging to senior management who can manage fully outsource internal audit activity.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	A Risk and Compliance Department was established in October 2020. Primary role is to identify, assess and monitor key risk exposures.	
Recommendation 12.5			
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	The Department is being headed by Atty. MJ Aristoteles, Senior Assistant Vice President, who has relevant experience in Risk and Compliance.	
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	Please refer to the Corporate Governance Manual available in the website.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Compliance to this Principle is further strengthen in the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021.	

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.	Non-Complaint		The Notices are being sent in accordance to the by-laws of the Company. Please refer to the By-Laws of the Company
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.	Non-Complaint		Compliance to this Principle is now in place with the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Complaint		Compliance to this Principle is now in place with the adoption 2021 Manual of Corporate Governance approved by the Board in a meeting dated July 26, 2021
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	Compliant	Please see Code of Conduct available in the website.	

between them and the company in creating wealth, growth and sustainability.			
Recommendation 14.2			
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 Corporation's Code of Conduct	
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>Please see the Implementing Rules of the Corporation's Code of Conduct. Specifically, whistleblowing:</p> <p>STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS</p> <ul style="list-style-type: none"> • The Board shall respect the following rights of the stockholders in accordance with the Company Code: <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 • 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 	

		<p>the disqualifications of Directors as prescribed in the Company's By-Laws.</p> <ul style="list-style-type: none"> • 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. • 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 redress for violation of their rights. 	
--	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

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	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	------------------------------------------------------------------------------------------------------------------------------	--

		Please see Code of Conduct	
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	Please see Code of Conduct	
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	
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	Please see Implementing of the Code of Conduct: 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	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. 	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<ul style="list-style-type: none"> If appropriate, in view of the nature of the reported matter, reports of violations may be made directly to 	

		<p>higher levels 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>Please see Code of Conduct</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>The Corporation have the following CSR Activities in 2020:</p> <ol style="list-style-type: none"> Young Focus PH – donated Christmas gift basket to 50 typhoon-affected and impoverished families in Tondo, Manila; Animal Kingdom Foundation – donated pet grooming and care, and vitamins that will benefit 70 to 100 typhoon-affected dogs in San Mateo, Rizal; Smile for a Reason – donated bags of school supplies, food bundles, and toys to children 	

		residing in a railway-adjacent impoverished community; 4. Partnered with NGO to collaborate on helping families that were affected by the Typhoon.	
--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------	--