

ANNUAL CORPORATE GOVERNANCE REPORT

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	EXPLANATION	
The Board’s Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate 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	Digital Annual Report;	
2. Board has an appropriate mix of competence and expertise.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 4, page 16;	
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	Nomination Committee Charter	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	2022 General Information Sheet	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors	Compliant	Digital Annual Report;	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors	Compliant	Revised Manual on Corporate Governance, Article IV, Section 11, page 16	
3. Company has relevant annual continuing training for all directors.	Compliant	Certificate of Participation - ACGS Webinar - June 20 & 21, 2022	
Recommendation 1.4			
1. Board has a policy on board diversity,	Compliant	Digital Annual Report; PLGIC Board Diversity Policy	The Company’s shareholders, which constitute its Board of Directors, are already composed of men and women with diverse business and industry skills, experiences, backgrounds and perspectives.

Recommendation 1.5

1. Board is assisted in its duties by a Corporate Secretary,	Compliant	Revised Manual on Corporate Governance, Article VI, Section 3, page 19;	
2. Corporate Secretary is a separate individual from the Compliance Officer,	Compliant	Amended By-Laws, Article V, Section 6, page 7;	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	Digital Annual Report; 2022 General Information Sheet	
4. Corporate Secretary attends training/s on corporate governance,	Compliant	Certificate of Participation - ACGS Webinar - June 21, 2022	

Recommendation 1.6

1. Board is assisted by a Compliance Officer,	Compliant	Revised Manual on Corporate Governance, Article VII, page 20;	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Digital Annual Report;	
3. Compliance Officer is not a member of the board.	Compliant	Minutes of Organizational Meeting held on 29 June 2022, item 6.2 - Election of Senior Officers;	
4. Compliance Officer attends training/s on corporate governance annually.	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

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>Minutes of Meeting of Board of Directors:</p> <ul style="list-style-type: none"> • Regular Meeting held on 01 April 2022 • Special Meeting held on 05 May 2022 • Special Meeting held on 02 June 2022 • Special Meeting held on 14 June 2022 • Organizational Meeting held on 29 June 2022 • Special Meeting held on 04 July 2022 • Special Meeting held on 19 July 2022 • Special Meeting held on 19 August 2022 • Regular Meeting held on 28 September 2022 • Special Meeting held on 21 November 2022 • Regular Meeting held on 14 December 2022 	
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Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Minutes of Meeting of Board of Directors:	
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	<ul style="list-style-type: none">• Regular Meeting held on 01 April 2022• Special Meeting held on 05 May 2022• Special Meeting held on 02 June 2022• Special Meeting held on 14 June 2022• Organizational Meeting held on 29 June 2022• Special Meeting held on 04 July 2022• Special Meeting held on 19 July 2022• Special Meeting held on 19 August 2022• Regular Meeting held on 28 September 2022• Special Meeting held on 21 November 2022• Regular Meeting held on 14 December 2022 Revised Manual on Corporate Governance, Article IV, Sections 3 and 7; Digital Annual Report	

Recommendation 2.3

1. Board is headed by a competent and qualified Chairperson.	Compliant	Digital Annual Report	
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Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Revised Manual on Corporate Governance, Article IV, Sections 3 and 7; and Article IX, Section 2, Item G, page 23; Multi-Employer Retirement Plan;	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	Compensation and Remuneration Committee Charter Directors and Key Officers Retirement and Succession Policy	

Recommendation 2.5

1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Revised Manual on Corporate Governance, Article IV, Sections 9 & 10, pages 15-16; Compensation and Remuneration Committee Charter	
2. Board aligns the remuneration of key officers performance. and board members with long-term interests of the company.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration,	Compliant		

Recommendation 2.6

1. Board has a formal and transparent board nomination and election policy.	Compliant	Revised Manual on Corporate Governance, Article IV, Sections 7 & 8, page 15; and Article V, Section 4, page 18; Nomination Committee Charter; Minutes of Annual Meeting of Stockholders held on 29 June 2022 - Item 6, Election of Members of the Board of Directors for the ensuing year	
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 governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Related Party Transactions Policy	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

Recommendation 2.8

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Revised Manual on Corporate Governance, Article IV, Section 3, Item L, page 7; Article VI, Section 1, page 18; and Article IX, Section 2, page 22; Digital Annual Report	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Revised Manual on Corporate Governance, Article IV, Section 3, Item H, page 7; and Article IX, Section 2, page 22; Minutes of Organizational Meeting held on 29 June 2022, item 6.2 - Election of Senior Officers;	

Recommendation 2.9

1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 3, Item H, page 7; Article IV, Section 10, page 16; Article IX, Section 2, page 22;	
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	2022 Goal Setting Guidelines;	

Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	Compliant	Revised Manual on Corporate Governance, Article IX, Section 2, page 22;	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders	Compliant	Conflict of Interest Policy	
3. Board approves the Internal Audit Charter.	Compliant	Internal Audit Charter	

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	Revised Manual on Corporate Governance Article IX Section 3, page 23;	
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Risk Management Strategy;	

Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Board Charter	
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 function, 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	Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees; Digital Annual Report	
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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	Revised Manual on Corporate Governance, Article V, Section , page 17; Audit Committee Charter; Minutes of Annual Meeting of Stockholders held on 29 June 2022, Item 7 - Appointment of External Auditors;	
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2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees; Digital Annual Report;	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Digital Annual Report	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Digital Annual Report	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Revised Manual on Corporate Governance, Article XV, page 28; Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees; Digital Annual Report; Corporate Governance Committee Charter	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Compliant	Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees;	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Digital Annual Report; Corporate Governance Committee Charter	

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	Revised Manual on Corporate Governance Article IX, Section 3, page 23; Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees Digital Annual Report; Risk Management Committee Charter	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees;	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Digital Annual Report; Risk Management Committee Charter	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management,	Compliant	Digital Annual Report; Risk Management Committee Charter	

Recommendation 3.5

1. The Board established a Related Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company,	Compliant	Related Party Transactions Policy; Related Party Transactions Committee Charter	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	Minutes of Organizational Meeting held on 29 June 2022, Item 7 - Appointment of Members of the Board Committees; Digital Annual Report; Related Party Transactions Committee Charter	

Recommendation 3.6

1. The Board established a Related Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company,	Compliant	<ul style="list-style-type: none">• Executive Committee Charter• Audit Committee Charter• Compensation Committee Charter• Nomination Committee Charter• Related Party Transactions Committee Charter• Investment Committee Charter• Technology Committee Charter• Corporate Governance Committee Charter• Board Charter• Risk Management Committee Charter	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	BOD Committee Evaluation Sheet	
3. Committee Charters were fully disclosed on the company's website.	Compliant	<ul style="list-style-type: none">• Executive Committee Charter• Audit Committee Charter• Compensation Committee Charter• Nomination Committee Charter• Related Party Transactions Committee Charter• Investment Committee Charter• Technology Committee Charter• Corporate Governance Committee Charter• Board Charter• Risk Management Committee Charter	

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 attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele-/video conferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<p>Minutes of Meeting of Board of Directors:</p> <ul style="list-style-type: none">• Regular Meeting held on 01 April 2022• Special Meeting held on 05 May 2022• Special Meeting held on 02 June 2022• Special Meeting held on 14 June 2022• Organizational Meeting held on 29 June 2022• Special Meeting held on 04 July 2022• Special Meeting held on 19 July 2022• Special Meeting held on 19 August 2022• Regular Meeting held on 28 September 2022• Special Meeting held on 21 November 2022• Regular Meeting held on 14 December 2022	
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2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>Minutes of Meeting of Board of Directors:</p> <ul style="list-style-type: none"> • Regular Meeting held on 01 April 2022 • Special Meeting held on 05 May 2022 • Special Meeting held on 02 June 2022 • Special Meeting held on 14 June 2022 • Organizational Meeting held on 29 June 2022 • Special Meeting held on 04 July 2022 • Special Meeting held on 19 July 2022 • Special Meeting held on 19 August 2022 • Regular Meeting held on 28 September 2022 • Special Meeting held on 21 November 2022 • Regular Meeting held on 14 December 2022 	
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>Minutes of Meeting of Board of Directors:</p> <ul style="list-style-type: none"> • Regular Meeting held on 01 April 2022 • Special Meeting held on 05 May 2022 • Special Meeting held on 02 June 2022 • Special Meeting held on 14 June 2022 • Organizational Meeting held on 29 June 2022 • Special Meeting held on 04 July 2022 • Special Meeting held on 19 July 2022 • Special Meeting held on 19 August 2022 • Regular Meeting held on 28 September 2022 • Special Meeting held on 21 November 2022 • Regular Meeting held on 14 December 2022 	
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 meetings, challenge Management's proposals/ views, and oversee the long-term strategy of the company.	Compliant	<p>Revised Manual on Corporate Governance, Article IV, Section 1, page 5:</p> <p>Digital Annual Report:</p>	
Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	<p>Board Charter Section VI - Duties and Responsibilities of Directors and Independent Directors - Item H</p>	<p>The incumbent directors did not accept any new directorship in another company in 2022, hence there was no written notification to this effect in any of the minutes of the board meetings. The directors have, however, submitted themselves to four or lower limit on membership in other corporate boards in accordance with the company's Corporate Governance Manual.</p>

Principle 5: The board should endeavor to exercise an objective and independent judgement on all corporate affairs.**Recommendation 5.1**

1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 4C, page 10; 2022 General Information Sheet; Digital Annual Report; Board Charter	
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Recommendation 5.2

1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 4B, page 9; Digital Annual Report; Board Charter	
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Recommendation 5.3

1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 4D, page 11; Board Charter	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 4D, page 11; Board Charter	

3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 4D, page 11: Board Charter	Since no independent director from the company has exceeded the maximum cumulative term limit yet, there is no instance that the company had to write a formal written justification to the Insurance Commission for such extension.
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals,	Compliant	Board Charter Minutes of Organizational Meeting held on 29 June 2022, Item 8 - Appointment of Lead Independent Director	The company allows that the position of Chairman and CEO to be held by same person/individual. Pursuant to the recommendation under the Revised Code of Corporate Governance for ICRCs, the company has appointed a Lead Independent Director.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Revised Manual on Corporate Governance, Article VI, Section 2, page 19: Board Charter	
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	Digital Annual Report	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	Revised Manual on Corporate Governance, Article IV, Section 6A & B, page 14:	For year 2022, no director had to abstain as the Board did not deal with any transaction wherein any of the directors had a material interest which can lead to conflict of interest.
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 directors present to ensure that proper checks and balances are in place within the corporation.	Compliant	Minutes of Meeting of Non-Executive Directors Meeting with Internal Audit, Risk, and Compliance Units - 28 September 2022	
2. The meetings are chaired by the lead independent director.	Compliant		

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. The Board conducts an annual assessment of its performance as a whole,	Compliant	Board Self Evaluation Questionnaire	
2. The performance of the Chairman is assessed annually by the Board,	Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board,	Compliant		
4. The performance of each committee is assessed annually by the board.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		The company may engage an external facilitator in the next years to comply with the three year period frequency.

Recommendation 6.2

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Board Self Evaluation Questionnaire; BOD Committee Evaluation Sheet;	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Revised Manual on Corporate Governance, Article XI, Section 1, page 24; Digital Annual Report	

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 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	Code of Ethics; Digital Annual Report	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Digital Annual Report; Upon approval by the Board of any company policy, the same is disseminated by email to the employees and if necessary, through virtual town hall meetings and video conferences. The same is also accessible at any time through the company website.	

3. The Code is disclosed and made available to the public through the company website.	Compliant	Code of Ethics; Digital Annual Report	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics,	Compliant	Code of Ethics; Digital Annual Report;	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Whistleblowing Policy	