

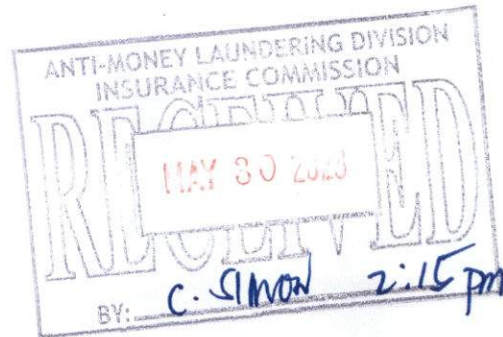


Philippines First Insurance Co., Inc.

ESTABLISHED 1906

May 29, 2023

INSURANCE COMMISSION
1071 United Nations Avenue
Manila



ATTENTION: ANTI-MONEY LAUNDERING & CORP. GOV. DIVISION

Dear Sir:

In compliance with IC Circular Letter 2020-72, we are submitting the 2022 Annual Corporate Governance Report of Philippines First Insurance Co., Inc.

We will ensure that all the supporting documents mentioned in the Report will be uploaded to our Company website <http://www.philfirstinsurance.com.ph> within five (5) business days.

We hope you find everything in order.

Very truly yours,

MARIA CONCEPCION N. SINGSON
Chief Operations Officer

Contact Person:

Sherrylita Dela Rosa, Compliance Department
scdelarosa@philfirstinsurance.com.ph
8892-8888 loc. 159



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Very truly yours,

MARIA CONCEPCION N. SINGSON
Chief Operations Officer *MS*

CERTIFICATION

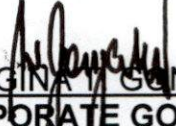
The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and /or based on authentic records.

Signed in the City of MAKATI CITY on the MAY 29 2023 of 20 23.


EUSEBIO H. TANCO
CHAIRMAN OF THE BOARD
Signature over printed name


EUSEBIO H. TANCO
PRESIDENT/CEO
Signature over printed name


JAYPEE B. ORTIZ
ASST. CORPORATE SECRETARY
Signature over printed name


REGINA T. GONZALES
CORPORATE GOVERNANCE COMPLIANCE OFFICER
Signature over printed name


VIRGILIO G. FARCON JR.
INDEPENDENT DIRECTOR
Signature over printed name

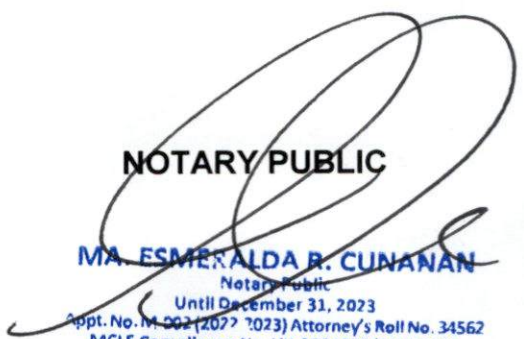

LUIS Y. BENITEZ JR.
INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this MAY 29 2023 day of _____, 2023, by the following who are all personally known to me (or whom I have identified through competence evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NO.	DATE/PLACE ISSUED
1. EUSEBIO H. TANCO	Passport No. P0992946B	11 March 2019 – DFA Manila
2. REGINA T. GONZALES	TIN 131-209-400	
3. VIRGILIO G. FARCON JR.	TIN 105-336-566	
4. LUIS Y. BENITEZ JR.	TIN 105-339-766	
5. JAYPEE B. ORTZ	TIN 267-837-403	

Doc No. 333
Page No. 68
Book No. XXX
Series of 2023.

NOTARY PUBLIC


MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2023
Ocp. No. M-992 (2022-2023) Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 9563801/1-3-2023/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

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 and sustainability of the corporation 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	Profile of Board of Directors	Credentials of Board of Directors is posted on the company website https://philfirstinsurance.com.ph/
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	2023 GIS	Only 36% or 4 out of 11 directors are holding executive position in the Company. Please refer to page 4 of the 2023 GIS.
Recommendation 1.3			
1 Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Manual on Corporate Governance	Please refer to Code of Corporate Governance item II. <u>Board Governance 6. Specific Duties and Responsibilities of a Director</u> The Manual is currently being updated to incorporate improvements including a more detailed policy on continuing corporate governance education for directors and senior officers of the Company.
2 Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	Manual on Corporate Governance	

3 Company has relevant annual continuing training for all directors.	COMPLIANT	Certificate of Attendance of BOD and Officers are posted on the company website www.philfirstinsurance.com.ph	Corporate Governance Seminar for BOD and officers of STI Education Systems Holdings, Inc. Group and Maestro Holdings, Inc. Group [PhilPlans, PhilCare, PhilLife and Philippines First Insurance] was conducted by SGV via remote communication on 20 December 2022.
Recommendation 1.4			
1 Board has a policy on board diversity.	COMPLIANT	Manual on Corporate Governance 2023 GIS	Please refer to Manual of Corporate Governance item II. <u>Board Governance 1. Composition of the Board</u> The Board is composed of 9 male and 2 female directors. Please refer to page 4 of 2023 GIS
Recommendation 1.5			
1 Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	2023 GIS	Atty. Arsenio C. Cabrera is the Corporate Secretary of Philippines First Insurance Atty. Cabrera's profile is available for viewing in the company website https://philfirstinsurance.com.ph/ Curriculum Vitae of Corp Sec
2 Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		Atty. Arsenio C. Cabrera is the Corporate Secretary of Philippines First Insurance while Ms. Regina T. Gonzales is the Compliance Officer.
3 Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	2023 GIS	Please refer to page 4 of the 2023 GIS.
4 Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Certificate of Attendance of BOD and Officers are posted on the company website www.philfirstinsurance.com.ph	Corporate Governance Seminar for BOD and officers of STI Education Systems Holdings, Inc. Group and Maestro Holdings, Inc. Group [PhilPlans, PhilCare, PhilLife and Philippines First Insurance] was conducted by SGV via remote communication on 20 December 2022.

Recommendation 1.6			
1 Board is assisted with a Compliance Officer	COMPLIANT	AML Compliance Officer and Alternate Compliance Officer as per IC CL No. 2015-05	Please see attached document - AML Compliance Officer
2 Compliance Officer has a rank of Vice-President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	AML Compliance Officer and Alternate Compliance Officer as per IC CL No. 2015-05	Ms. Regina T. Gonzales is the SVP/Treasurer of the Company. Designation and Duties of the Compliance Officer is outlined on pages 23-24 of the Manual - Commitment to Corporate Governance Compliance Officer
3 Compliance Officer is not a member of the Board.	NON-COMPLIANT		We are looking to engage the services of a Compliance Officer of one of our affiliates. He does not hold an executive position in the Company and is not a member of the BOD. Since the negotiations are still on-going, we are positive to have a Chief Compliance Officer before the close of 2023.
4 Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	Certificate of Attendance of BOD and Officers are posted on the company website	Compliance Officer attends annual seminar on corporate governance.
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	Minutes of BOD Meetings: 12 January 2022 28 February 2022 Some details in the Minutes were redacted due to confidential information.	Directors are fully informed of the Agenda every meeting. They act with due diligence and care and decide collectively for the best interest of the Company and stakeholders. These are described in the MOM of January and February 2022.
Recommendation 2.2			
1 Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Minutes of BOD Meeting on 28 February 2022 Some details in the Minutes were redacted due to confidential information.	Business objectives and strategies are being presented to the Board for review and approval.

Recommendation 2.3			
1 Board is headed by a competent and qualified Chairperson.	COMPLIANT	Bio-data of Chairman	Bio-data of Mr. Eusebio H. Tanco, Chairman of the Board His professional credentials is available for viewing on the company website https://philfirstinsurance.com.ph/
Recommendation 2.4			
1 Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Manual on Corporate Governance	Please refer to the following: page 8 of the Code of Corporate Governance: II. Board Governance 6. Duties, Functions and Responsibilities, b. Duties and Functions of the Board, item ii. page 11 of the Code of Corporate Governance: II. Board Governance 6. Duties, Functions and Responsibilities, d. Internal Control Responsibilities of the Board, item i.
2 Board adopts a policy on the retirement for directors and key officers.	NON-COMPLIANT		The Manual is currently being updated to incorporate improvements including the policy on retirement.
Recommendation 2.5			
1 Board adopts and formulates a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 7-9 of the Code of Corporate Governance item II. Board Governance 8. Remuneration of the Members of the Board and Officers
2 Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 7-9 of the Code of Corporate Governance item II. Board Governance 8. Remuneration of the Members of the Board and Officers
3 Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 7-9 of the Code of Corporate Governance item II. Board Governance 8. Remuneration of the Members of the Board and Officers

Recommendation 2.6			
1 Board has a formal and transparent board nomination and election policy.	COMPLIANT	Minutes of the Annual Stockholders' Meeting on 17 August 2022 Manual of Corporate Governance	As this is already a part of the Board's Duties and Responsibilities, the Manual is currently being updated to incorporate improvements including the policy on board nomination and election policy.
2 Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	Manual on Corporate Governance	This is stated in the Manual under the Duties and Functions of the Board.
3 Board nomination and election policy includes how the company accepts nominations from minority shareholders.	NON-COMPLIANT		The Manual is currently being updated to incorporate improvements including the participation of minority shareholders on board nomination and election policy.
4 Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT		As this is already a part of the Board's Duties and Responsibilities, the Manual is currently being updated to incorporate improvements including the policy on board nomination and election policy.
5 Board nomination and election policy includes an assessment of the effectiveness of the Board's process in the nomination, election or replacement of a director.	COMPLIANT		As this is already a part of the Board's Duties and Responsibilities, the Manual is currently being updated to to include details on how the Board's process in the nomination, election or replacement of director is assessed in its effectiveness.
6 Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	Manual on Corporate Governance	The Board is very particular with the qualifications of directors especially his/her sufficient experience in the finance industry as well as formal education. Please refer to pages 4-5 of the Code of Corporate Governance item II. Board Governance, 4. Qualifications of Directors

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	The Company's RPT Policy is posted on the company website. https://philfirstinsurance.com.ph/ RPT Policy
2 RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Related Party Transactions Policy	The company's Related Party Transactions is in compliance with the guidelines of Insurance Commission Circular Letter No. 2017-29.
3 RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Related Party Transactions Policy	The company's Related Party Transactions is in compliance with the guidelines of Insurance Commission Circular Letter No. 2017-29.
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		page 8-11 of the Code of Corporate Governance: <u>II. Board Governance 6. Duties, Functions and Responsibilities: b. Duties and Functions of the Board, item ii.</u>
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	Manual on Corporate Governance	page 8-11 of the Code of Corporate Governance: <u>II. Board Governance 6. Duties, Functions and Responsibilities: b. Duties and Functions of the Board, item ii.</u>
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	Board Assessment Form	The Company is geared towards a framework for evaluation of the members of the Board and the CEO. In line with this, we adopted a board assessment questionnaire that is also being utilized by our affiliates.
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	Manual on Corporate Governance	The Board through the Senior Management implements effective management framework to ensure personnel's performance is at par with the set standards.

Recommendation 2.10			
1 Board oversees that an appropriate internal control system is in place.	COMPLIANT	Manual on Corporate Governance	The Company is currently negotiating to engage the services of the internal auditor of our affiliates to ensure the internal control system is being implemented in the organization. Please refer to pages 18-19 of the Code of Corporate Governance: <u>IV. Accountability and Audit</u>
2 The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 18-19 of the Code of Corporate Governance: <u>IV. Accountability and Audit</u>
3 Board approves the Internal Audit Charter.	COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022 Some parts of the Minutes were redacted due to confidential information.	The Company is currently negotiating the services of the internal auditor of our affiliate to ensure the internal control system is being implemented in the organization. This Audit Charter was given the greenlight by the members of the Audit Committee during the meeting held on 23 March 2022 via Zoom.
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.	NON-COMPLIANT		The Corporate Manual is currently being updated to incorporate improvements including the Company's ERM framework.
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.	NON-COMPLIANT		The Corporate Manual is currently being updated to incorporate improvements including the Company's ERM framework.

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	Manual on Corporate Governance	Duties, functions, and responsibilities of the Board are clearly stated in the Manual under Board Governance. The Corporate Governance Manual is posted on the company website at: https://philfirstinsurance.com.ph/
2 Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	Manual on Corporate Governance	
3 Board Charter is publicly available and posted on the company's website.	COMPLIANT	Manual on Corporate Governance	

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

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	Manual on Corporate Governance 2023 GIS	The existing board committees and their chair/member directors are listed on page 4 of the 2023 GIS. Details of these committees are stated on page 12 of the Manual under 9.Board Committees

Recommendation 3.2			
1 Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	Manual on Corporate Governance 2023 GIS	Detailed functions and responsibilities of the Audit Committee are listed in the Manual. Please refer to pages 12-15.
2 Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	NON-COMPLIANT		To comply with the required number of non-executive directors, Mr. Martin Tanco was nominated to become a member of the Audit Committee to complete its members. This was agreed upon during the Audit Com Meeting held on March 23, 2022 via Zoom.

3 All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	2023 GIS	All the members of the Company's Audit Committee are experts in the field of accounting, finance, and audit. Profiles of the Risk and Audit Committee are posted on the company website: https://philfirstinsurance.com.ph/
4 The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	2023 GIS Profile of Atty. Virgilio G. Farcon, Jr.	Atty. Luis Y. Benitez, Jr., an independent director, is the Chairman of the Audit Committee.
Recommendation 3.3			
1 Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The establishment of a Corporate Governance Committee will be incorporated in the updated Manual.
2 Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The establishment of a Corporate Governance Committee will be incorporated in the updated Manual.
3 Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The establishment of a Corporate Governance Committee will be incorporated in the updated Manual.
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	Minutes of the Audit Committee Meeting, 23 March 2022 Some details in the Minutes were redacted due to confidential information.	The Company has Audit and Risk Management Committee that is also responsible for the oversight of the company's risk management. This was approved by the Board on March 23, 2022 during the Audit Committee Meeting via Zoom.
2 BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022 Some details in the Minutes were redacted due to confidential information.	Audit and Risk Management has three non-executive directors, two of which are independent. This is stated on the Minutes of the Audit Committee Meeting on March 23, 2022 via Zoom.

3 The Chairman of the BROOC is not the Chairman of the Board or of any other committee.	COMPLIANT	2023 GIS	The Chairman of the Audit and Risk Management Committee is Atty. Luis Benitez, Jr., an independent director.
4 At least one member of the BROOC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	BOD Profiles	Members of the Audit and Risk Management Committee have extensive experience in Audit and Risk Management.
Recommendation 3.5			
1 The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The establishment of an RPT Committee will be incorporated in the updated Manual.
2 RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The establishment of an RPT Committee will be incorporated in the updated Manual.
Recommendation 3.6			
1 All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Manual on Corporate Governance	Please refer to page 12-15 of the Code of Corporate Governance: <u>II. Board Governance, 9. Board Committees</u>
2 Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Manual on Corporate Governance	Please refer to page 12-15 of the Code of Corporate Governance: <u>II. Board Governance, 9. Board Committees</u>
3 Committee Charters were fully disclosed on the company's website.	COMPLIANT	Manual on Corporate Governance	Code of Corporate Governance posted on the company website

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-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Board Minutes	Due to the COVID-19 Pandemic, all the Board's Meetings were held via Zoom to ensure the safety of all the members while being able to perform their required duties. Please refer to the attached summary of 2022 BOD Attendance.
2 The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Minutes of BOD Meetings: 12 January 2023 28 February 2023 Some details in the Minutes were redacted due to confidential information.	Members of the Board were furnished with the minutes of the previous meeting and the new agenda, prior to every meeting. The Minutes state that they are well informed of these meeting materials.
3 The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Manual on Corporate Governance	page 10 of the Code of Corporate Governance: <u>II. Board Governance 6. Duties, Functions and Responsibilities: item c.</u>

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	Profile of BOD	Please refer to the profile of each director available on the Company website. www.philfirstinsurance.com.ph
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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	Manual on Corporate Governance	This is stated in the Manual on Corporate Governance
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

1 The Board is composed of at least twenty percent (20%) independent directors.	COMPLIANT	2023 GIS	Independent directors constitute at least 20% of the total director number on the Board.
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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	Manual on Corporate Governance Profile of BOD	The independent directors are expected to meet the criteria provided in the Manual. The incumbent directors are compliant with the requisite.
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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	Manual on Corporate Governance	Considering the initial count for term limits is for 2015/2016, no independent director has served as such for nine years or more.
2 The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Manual on Corporate Governance	Independent directors are prohibited from serving as such after reaching the maximum tenure provided in the Manual and under IC CL 2018-36
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	Manual on Corporate Governance	There is a mechanism for retaining an independent director beyond their maximum allowable tenure, but this has never been invoked.

Recommendation 5.4			
1 The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	NON-COMPLIANT	2023 GIS	Mr. Eusebio H. Tanco is the Chairman of the Board and President - our company's leader to provide a single vision and mission for the company. The Board ensures check and balance is provided in this instance.
2 The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	Manual on Corporate Governance	The Manual clearly defines the scope of duties and functions of the Chariman and the CEO.
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	Manual on Corporate Governance	Since the Chairman is not an independent director, one of the independent directors is automatically designated as lead independent director in accordance with the rules of the Manual.
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	Manual on Corporate Governance	No transactions have occurred that would trigger a need for abstention in deliberations in 2022. However, this is expressly provided for in the Manual and all directors are enjoined to follow 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 directors present to ensure that proper checks and balances are in place within the corporation.	NON-COMPLIANT	Manual on Corporate Governance	This is provided for in the Manual but the COVID-19 pandemic situation derailed earnest efforts to enforce the same. This will be rectified in 2023 and moving forward as discussed during the Audit Committee Meeting on March 23, 2022.
2 The meetings are chaired by the lead independent director.	COMPLIANT	Manual on Corporate Governance	The Manual provides that such meetings are chaired by the lead independent director.

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 Assessment Form for Directors	The Company is geared towards a framework for evaluation of the members of the Board and the CEO. In line with this, we adopted a board assessment questionnaire that is also being utilized by our affiliates.
2 The performance of the Chairman is assessed annually by the Board.	COMPLIANT	Board Assessment Form for Directors	The Company is geared towards a framework for evaluation of the members of the Board and the CEO. In line with this, we adopted a board assessment questionnaire that is also being utilized by our affiliates.
3 The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT	Board Assessment Form for Directors	The Company is geared towards a framework for evaluation of the members of the Board and the CEO. In line with this, we adopted a board assessment questionnaire that is also being utilized by our affiliates.
4 The performance of each committee is assessed annually by the Board.	COMPLIANT	Board Assessment Form for Directors	The Company is geared towards a framework for evaluation of the members of the Board and the CEO. In line with this, we adopted a board assessment questionnaire that is also being utilized by our affiliates.
5 Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		This will be done moving forward to ensure transparency.

Recommendation 6.2

1 Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Manual on Corporate Governance	The Manual provides a detailed system for the criteria and process of assessment of the Board, individual directors and committees,
2 The system allows for a feedback mechanism from the shareholders.	COMPLIANT	Manual on Corporate Governance	Shareholders feedback is included in the process and system.

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	Company Code of Conduct	The Company Code of Conduct is available and provides support to the Board for relevant decisions and transactions.
2 The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Company Code of Conduct	Company Code of Conduct is disseminated to Senior Management and Employees via electronic mail. The Code of Conduct is a part of employee orientation for new hires.
3 The Code is disclosed and made available to the public through the company website.	COMPLIANT	Company Code of Conduct	The Company Code of Conduct is available for viewing at the website. www.philfirstinsurance.com.ph .

Recommendation 7.2

1 Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Manual on Corporate Governance	The Board is mandated to work with management in the enforcement and implementation of the Code.
2 Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	Manual on Corporate Governance	The Code itself form part of the integral rules and regulations of the Company and is considered part of the internal policy infrastructure.

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.

Disclosure and Transparency			
Recommendation 8.1			
1 Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Minutes of the Annual Stockholders' Meeting on 17 August 2022 Some parts of the Minutes were redacted due to confidential information.	The Audited Financial Statement is presented to the Board and to the shareholders during the 2022 ASM on 17 August 2022 held via Zoom.
Recommendation 8.3			
1 Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Company website www.philfirstinsurance.com.ph	Qualifications of the directors are readily accessed through the company website.
2 Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Manual on Corporate Governance	Part of the Board's Duties and Responsibilities is to ensure the selection, appointment and retention of qualified and competent management.
Recommendation 8.4			
1 Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	Manual on Corporate Governance	Please refer to page 11: Part II. The Board Governance, <u>Section 8. Remuneration of the Members of the Board and Officers</u>
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	Manual on Corporate Governance	Please refer to page 11: Part II. The Board Governance, <u>Section 8. Remuneration of the Members of the Board and Officers</u>

3 Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		This information is considered highly sensitive and confidential; as such, the general methodology for determining remuneration is disclosed, but individual values benefit structures are not typically released to the public.
Recommendation 8.5			
1 Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Manual on Corporate Governance Related Party Transaction Policy 2021 Audited Financial Statements	RPT Policy is made available to the public via the company website.
2 Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	2021 Audited Financial Statements	The Company identified material RPTs in the 2021 AFS and 2021 Annual Statement.
Recommendation 8.7			
1 Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG)	COMPLIANT	Manual on Corporate Governance	PFIC Manual of Corporate Governance contains the company's corporate governance policies, programs and procedures.
2 Company's MCG is posted on its company	COMPLIANT	https://www.philfirstinsurance.com.ph	PFIC Manual of Corporate Governance is duly published in the company's website.

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1 Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 18-20 of the Code of Corporate Governance: Part IV. Accountability and 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	Manual on Corporate Governance	This is part of the Audit Committee's duties and responsibilities. Please refer to pages 12-13 9.A.Audit Committee
3 For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 18-20 of the Code of Corporate Governance: Part IV. Accountability and Audit

Recommendation 9.2

1 Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 12-15: Part II. The Board Governance, <u>Section 9. Board Committees, A.Audit Committee</u>
2 Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Manual on Corporate Governance	Please refer to pages 12-15: Part II. The Board Governance, <u>Section 9. Board Committees, A.Audit Committee</u>

Recommendation 9.3

1	Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Manual of Corporate Governance	Though there were no non-audit services provided by the external auditor for the 2021 cycle, disclosure of any such services to the shareholder is required by the Committee.
2	Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Manual on Corporate Governance	The Audit Committee is tasked with evaluation of all non-audit services provided by the external auditor as part of its general oversight and continuing assessment of the latter's integrity and impartiality.

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		The Company aspires to upgrade its framework for the reporting of sustainability and non-financial issues, and aims to do so in the next iteration of the Manual by the end of 2023.
2	Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT		The Company aspires to upgrade its framework for the reporting of sustainability and non-financial issues, and aims to do so in the next iteration of the Manual by the end of 2023.

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	The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT		Company website: www.philfirstinsurance.com.ph Company Facebook Account: https://www.facebook.com/philippinesfirstinsurance
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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 internal control system in the conduct of its business.	NON-COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022	The Audit Committee has already approved to engage the services of our affiliates' Chief Audit Executive. We are in the process of negotiating the terms and condition of the CAE's services. We aim to have a robust internal control infrastructure documented and in place by the end of 2023.
2 Company has an adequate and effective enterprise risk management framework in the conduct of its business.	NON-COMPLIANT		The Company will upgrade its enterprise risk management framework to meet international standards. This is a work in progress.

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.	NON-COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022	The Audit Committee has already approved to engage the services of our affiliates' Chief Audit Executive. We are in the process of negotiating the terms and condition of the CAE's services. We aim to have a robust internal control infrastructure documented and in place by the end of 2023.
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Recommendation 12.3

1 The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022	The Audit Committee has already approved to engage the services of our affiliates' Chief Audit Executive. We are in the process of negotiating the terms and condition of the CAE's services.
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.	NON-COMPLIANT		This will be a part of the CAE's responsibility.
3 In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Manual on Corporate Governance	This is part of the responsibilities of the Audit Committee.

Recommendation 12.4			
1 The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022	The Company has Audit and Risk Management Committee that is also responsible for the oversight of the company's risk management. This was approved by the Board on March 23, 2022 during the Audit Committee Meeting via Zoom.
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).	NON-COMPLIANT	Minutes of the Audit Committee Meeting, 23 March 2022	The function of risk management is currently the responsibility of senior management working in alignment with the Audit Committee.
2 CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT		The function of risk management is currently the responsibility of senior management working in alignment with the Audit Committee.
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	Manual on Corporate Governance	Shareholder rights are clearly defined and discussed in the Manual. Please refer to pages 21-22: <u>Part V. Stockholders' Rights and Protection of Minority Stockholders' Interests</u>
2 Board ensures that basic shareholder rights are disclosed on the company's website	COMPLIANT	Manual on Corporate Governance	Shareholder rights are clearly defined and discussed in the Manual and is available for viewing at the Company website.
Recommendation 13.2			
1 Board encourages active share holder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	COMPLIANT	Manual on Corporate Governance	The Corporate Secretary is compliant with the notice requirement and vigilantly sends the notices of annual and special shareholders' meetings.

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 company is not listed and maintains only a handful of shareholders. Shareholders are typically well-represented at all meetings. Meetings of Minutes of the Meeting will be posted on the website immediately after the ASM. This will be observed moving forward.
2 Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	COMPLIANT		The company is working on upgrading and updating its website to effectively put updates/information within specified time.
Recommendation 13.4			
1 Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The Board still has to improve and develop a better alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
2 The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. The Board still has to improve and develop a better alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
Duties to Stakeholders			
Principle 14: The rights of stakeholder established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1 Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Minutes of the Annual Stockholders' Meeting on 17 August 2022	This is a part of the Annual Stockholders' Meeting held during the 3rd quarter of 2022
Recommendation 14.2			
1 Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Manual on Corporate Governance	The company maintains standing policies and a framework to ensure that stakeholders are protected and given fair and reasonable treatment.
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	Manual on Corporate Governance Whistleblower Policy Anti Fraud Plan	The company has several mechanisms in place to provide efficient relief to stakeholders.

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.	NON-COMPLIANT		The Corporate Manual is due for updating before the close of 2023. There are a number of processes through which employees participate directly but these are not formally encoded and require further detailing so that they will be effectively carried out.
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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	Manual on Corporate Governance	The Anti Corruption Policy is reflected in the Manual. It is also available for viewing on the Company website.
2 Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Manual on Corporate Governance	The Manual is readily accessible to any employee. Digital copy of the Manual will also be distributed once it is updated and submitted to the Securities and Exchange Commission.

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	Manual on Corporate Governance Whistleblower Policy Anti Fraud Plan	It includes the process for the communication by employees of illegal or unethical practices that they may observe taking place within the Company including protection from retaliatory action.
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	Manual on Corporate Governance Whistleblower Policy Anti Fraud Plan	These documents are posted on the Company website as part of the Company's commitment to disclosure and transparency.
3 Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Manual on Corporate Governance	The Board plays a critical role, together with other key actors, in the enforcement of the whistleblower policy.

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.

Recommendation 16.1

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.	NON-COMPLIANT		The Company will formulate a comprehensive and effective corporate social responsibility program to contribute to the society in which it operated, before the close of 2023.
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