



RIBI

Reliable Insurance Brokers, Inc.

Kapag insurance, dapat ^Rreliable

April 26, 2022

INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Attention: **ATTY. ALBERT LAWRENCE VINZON**
Division Manager
Anti-Money Laundering and Corporate Governance Division

Subject: **2021 Annual Corporate Governance Report (ACGR) of Reliable Insurance Brokers, Inc.**

Dear Atty. Vinzon:

In compliance to the above captioned subject under Circular Letter 2020-72, we are submitting herewith the filled up Annual Corporate Governance Report for the year 2021 operations.

Thank you and stay safe!

Very truly yours,

JEFFREY J. GONZALES
Business Manager

Noted by:

FELICISIMO M. NACINO, JR.
President

Encls:
Filled up Annual Corporate Governance Report

| ANNUAL CORPORATE GOVERNANCE REPORT | | | |
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| | 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 | <ul style="list-style-type: none"> As reflected in resumes of Board of Directors (uploaded to website). Qualification standards as per section 2.2.2.1 of Manual on Corporate Governance (uploaded to 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 | <ul style="list-style-type: none"> Board is composed of <u>3</u> executive directors, <u>3</u> non-executive directors, and <u>1</u> vacancy reserved for non-executive director. | |
| Recommendation 1.3 | | | |
| 1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors. | COMPLIANT | <ul style="list-style-type: none"> As per section <u>4</u> of Manual on Corporate Governance (uploaded to website). Also see Certificates of Training & Topics attached. | |
| 2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors. | COMPLIANT | | |
| 3. Company has relevant annual continuing training for all directors. | COMPLIANT | | |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity. | COMPLIANT | <ul style="list-style-type: none"> As per section <u>2.2.1.2</u> of Manual on Corporate Governance (uploaded to website). Board is composed of 3 male/3 female. | |
| Recommendation 1.5 | | | |
| 1. Board is assisted in its duties by a Corporate Secretary. | COMPLIANT | <ul style="list-style-type: none"> As per section <u>5</u> of By-Laws, and Section <u>2.3.3</u> of Manual on Corporate Governance (uploaded to website). | |

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| 2. Corporate Secretary is a separate individual from the Compliance Officer. | COMPLIANT | • Ms. Espie Atanacio is separate from the Compliance Officer (Ariel de Guzman). | |
| 3. Corporate Secretary is not a member of the Board of Directors. | COMPLIANT | • Ms. Espie Atanacio is <u>not</u> a member of the Board of Directors. | |
| 4. Corporate Secretary attends training/s on corporate governance. | COMPLIANT | • As per section <u>4</u> of Manual on Corporate Governance (uploaded to website). Also see Certificates of Training & Topics attached. | |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliance Officer. | COMPLIANT | • As per section <u>2.1</u> of Manual on Corporate Governance (uploaded to website). | |
| 2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation. | COMPLIANT | • Compliance Officer is Mr. Ariel de Guzman, who is also Treasurer of the Company. | |
| 3. Compliance Officer is not a member of the board. | NON-COMPLIANT | • Mr. Ariel de Guzman is a member of the Board. | Will comply once the company is big enough (RIBI has less than 10 employees at present). |
| 4. Compliance Officer attends training/s on corporate governance annually. | COMPLIANT | • As per section <u>4</u> of Manual on Corporate Governance (uploaded to website). Also see Certificates of Training & Topics attached. | |
| 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 | • As recorded in attached Board resolutions and minutes of Board meetings for 2020. | |
| Recommendation 2.2 | | | |
| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | COMPLIANT | • As recorded in attached Board resolutions and minutes of Board meetings for 2020. | |
| 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 | • Review of business objectives and strategy is done every Board meeting as per attached minutes. | |
| Recommendation 2.3 | | | |

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| 1. Board is headed by a competent and qualified Chairperson. | COMPLIANT | <ul style="list-style-type: none"> Chairperson is Felicisimo Nacino Jr., a UP-MBA graduate with over 40 years management experience. See attached Resume. | |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | COMPLIANT | <ul style="list-style-type: none"> As a privately-held corporation, RIBI plans to elect the son of the Chairman as his successor. Said person is currently a vice president at BDO. | |
| 2. Board adopts a policy on the retirement for directors and key officers. | COMPLIANT | <ul style="list-style-type: none"> See attached RIBI Retirement Plan. | |
| Recommendation 2.5 | | | |
| 1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members. | COMPLIANT | | |
| 2. Board aligns the remuneration of key officers and board members with long-term interests of the company. | COMPLIANT | <ul style="list-style-type: none"> As per section <u>2.2.2.2</u> of Manual on Corporate Governance (uploaded to website). | |
| 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 | | |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | COMPLIANT | <ul style="list-style-type: none"> As per section <u>2.2.2.1</u> of Manual on Corporate Governance (uploaded to website). | |
| 3. Board nomination and election policy includes how the company accepts nominations from minority shareholders. | NON-COMPLIANT | | <ul style="list-style-type: none"> Please note RIBI is a privately-held corporation. There are no minority shareholders except officers and employees to whom the majority owner has given shares. |
| 4. Board nomination and election policy includes how the board reviews nominated candidates. | COMPLIANT | | |
| 5. Board nominations and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | COMPLIANT | <ul style="list-style-type: none"> As per section <u>2.2.2.1</u> of Manual on Corporate Governance (uploaded to website). | |

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| 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 | • As per RIBI Policy on Related Party Transactions (uploaded to website). | |
| 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 | • As per minutes of the Organizational Meeting of RIBI (uploaded to website). | |
| 2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | NON-COMPLIANT | | • Since RIBI is a very small organization with less than 10 employees, the Chairman/CEO is primarily responsible for assessing the performance of management. |
| 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 | • The Board approves the Annual Business Plan which sets Targets and Directions for the year. • Every Board meeting, the Board conducts performance management review against these standards, as recorded in the attached minutes. | |
| 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 | | |
| Recommendation 2.10 | | | |
| 1. Board oversees than an appropriate internal control system is in place. | COMPLIANT | | |

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| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | COMPLIANT | • As per attached RIBI Internal Audit Charter, and section <u>2.3.5</u> of Manual on Corporate Governance (uploaded to website). | |
| 3. Board approves the Internal Audit Charter. | COMPLIANT | | |
| 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 | • As per section <u>2.2.2.2</u> of the Manual on Corporate Governance (uploaded to website). | |
| 2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | COMPLIANT | | |
| 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 | Serving as Board Charter are: <ul style="list-style-type: none"> • Article III of the Amended By-Laws of the Corporation. • Section <u>2.2.1</u> of the Manual on Corporate Governance (uploaded to website). | |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | COMPLIANT | | |
| 3. Board Charter is publicly available and posted on the company's website. | COMPLIANT | | |
| Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions, and responsibilities of all committees established should be contained in a publicly available Committee Charter. | | | |
| Recommendation 3.1 | | | |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | COMPLIANT | • As per section <u>2.2.2</u> of the Manual on Corporate Governance (uploaded to website). | |
| 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 | • As per section <u>2.2.2.2</u> of the Manual on Corporate Governance (uploaded to website). • As per attached minutes of the Organizational Meeting of RIBI. | |

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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. | NON-COMPLIANT | | As a small insurance brokerage company with only <u>6</u> elected directors, RIBI has only <u>1</u> independent director. He is a member of the Audit Committee. |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | COMPLIANT | <ul style="list-style-type: none"> As reflected in resume of Board of Directors who are members of the Audit Committee. | |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | COMPLIANT | <ul style="list-style-type: none"> As per attached minutes of the Organizational Meeting of RIBI. | |
| 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 | <ul style="list-style-type: none"> As per section <u>2.2.2.1</u> of Manual on Corporate Governance (uploaded to website). As per attached minutes of the Organizational Meeting of RIBI. | |
| 2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors. | NON-COMPLIANT | | As a small insurance brokerage company with only <u>6</u> elected directors, RIBI has only <u>1</u> independent director. He is the Chairman of the Corporate Governance Committee. |
| 3. Chairman of the Corporate Governance Committee is an independent director. | COMPLIANT | <ul style="list-style-type: none"> As per attached minutes of the Organizational Meeting of RIBI. | |
| 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 | | As a small insurance brokerage company with only 6 elected directors, RIBI has included the functions of the Board Risk Oversight Committee (BROC) with the Audit Committee functions. |
| 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 releveant thorough knowledge and experience on risk and risk management. | NON-COMPLIANT | | |
| Recommendation 3.5 | | | |

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| 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 | | As a small insurance brokerage company that is privately-held, RIBI has a policy on Related-Party Transactions but does not have a separate Related Party Transactions (RPT) Committee. Its functions are covered by the Audit Committee. |
| 2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman. | NON-COMPLIANT | | |
| 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. | NON-COMPLIANT | | While there are no Committee Charters, the respective purposes, structure and functions of the Committees are as spelled out in Section <u>2.2.2</u> of the Manual on Corporate Governance (uploaded to website). |
| 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 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 | | • Please refer to minutes of the RIBI Board meetings for the year 2020 (attached). |
| 2. The directors review meeting materials for all Board and Committee meetings. | COMPLIANT | | |
| 3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | COMPLIANT | | |
| 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 | • The three (3) non-executive directors do not serve concurrently as director in any other ICRE or any publicly-listed company. | |

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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 | • The directors have not accepted a directorship in another company other than what they had at the start. | |
| 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 | • There are <u>7</u> seats in the Board, <u>20%</u> of which is <u>1.4</u> , thus there is one (1) independent director. | |
| Recommendation 5.2 | | | |
| 1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position. | COMPLIANT | • As reflected in the resume of the independent director (Philip V. Prieto) as uploaded to website. | |
| 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 | • The maximum cumulative term of nine years will end in <u>2024 yet</u> . | |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | COMPLIANT | • As per Section <u>2.2.2.1</u> of the Manual on Corporate Governance. | |
| 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 | • No such instance to date. | |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | NON-COMPLIANT | | • As a small insurance brokerage company with less than 10 employees, it is not yet economically viable to separate the Chairman and CEO positions. |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | COMPLIANT | • As defined in Article IV of the company's By-Laws. | |

| Recommendation 5.5 | | | |
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| 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. | NON-COMPLIANT | | • There is only one (1) independent director, so there is no need to designate a lead director among the independent directors. |
| 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 | • No such instance to date. | |
| 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 | | • As a small insurance brokerage company that is privately-held, RIBI has no need for non-executive directors to hold separate periodic meetings with the external auditor and internal auditor. |
| 2. The meetings are chaired by the lead independent director. | NON-COMPLIANT | | • There is no 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. | NON-COMPLIANT | | • As a small insurance brokerage company that is privately-held, RIBI allows the performance of the Board as a whole, its individual members, and its committees, to be assessed by the Chairman himself. |
| 2. The performance of the Chairman is assessed annually by the Board. | NON-COMPLIANT | | |
| 3. The performance of the individual member of the Board is assessed annually by the Board. | NON-COMPLIANT | | |
| 4. The performance of each committee is assessed annually by the Board. | NON-COMPLIANT | | |
| 5. Every three years, the assessments are supported by an external facilitator. | NON-COMPLIANT | | |
| Recommendation 6.2 | | | |

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| 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. | NON-COMPLIANT | | • As mentioned above, said performance is assessed by the Chairman himself. |
| 2. The system allows for a feedback mechanism from the shareholders. | COMPLIANT | • Shareholders are all internal -- either directors, officers or employees of the company. | |
| 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 | • As per RIBI Code of Business Principles (uploaded to website). | |
| 2. The Code is properly disseminated to the Board, senior management and employees. | COMPLIANT | | |
| 3. The Code is disclosed and made available to the public through the company website. | COMPLIANT | | |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | COMPLIANT | • As discussed regularly and monitored in regular meetings of the staff. | |
| 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 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 | • As per Section 5 of the Manual on Corporate Governance (uploaded to website). | |

| Recommendation 8.3 | | | |
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| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | COMPLIANT | <ul style="list-style-type: none"> All resumes of members of the board of Directors are disclosed and uploaded to 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 | <ul style="list-style-type: none"> All resumes of key executives are disclosed and uploaded to website. | |
| 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 | <ul style="list-style-type: none"> As per Section <u>2.2.2.1.5</u> of Manual on Corporate Governance (uploaded to website). | |
| 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"> As per Section <u>2.2.2.1.5</u> of Manual on Corporate Governance (uploaded to website). | |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | COMPLIANT | <ul style="list-style-type: none"> Director's per diem: ₱ 3,000 per meeting CEO salary: ₱ 120K/month | |
| Recommendation 8.5 | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. | COMPLIANT | <ul style="list-style-type: none"> As per Related Party Transactions Policy (uploaded to 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 | <ul style="list-style-type: none"> As per Note <u>12</u> of Annual Company Report and Audited Financial Statements issued by SGV for the year 2020 (uploaded to website). | |
| Recommendation 8.7 | | | |

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| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | COMPLIANT | • Manual on Corporate Governance is posted on company website at www.ribi-insurance.com | |
| 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 | • As per Section 2.2.2.2. of the Manual on Corporate Governance (uploaded to website). | |
| 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 | • 100% of shareholders ratified the appointment of external auditor (RIBI is a privately-held corp.) | |
| 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 | • No such instance to date. | |
| 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 | Audit Committee's responsibilities concerning the external auditor (SGV) are included in Section 2.2.2.2 of the Manual on Corporate Governance (uploaded to website) | |
| 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 | Audit Committee's responsibilities concerning the external auditor (SGV) are included in Section 2.2.2.2 of the Manual on Corporate Governance (uploaded to website) | |
| 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 | • No such instance to date. | |

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| 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 | • As per section <u>2.2.2.3.2</u> of the Manual on Corporate Governance. | |
| 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 | | As a small and privately-held insurance brokerage company with less than 10 employees, RIBI does not have significant or material non-financial and sustainability issues, except with respect to the impact of the COVID-19 pandemic, which is duly disclosed in its audited financial statements for 2020 (uploaded to website). |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | NON-COMPLIANT | | |
| 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 | • The company's website may be accessed at: www.ribi-insurance.com | |
| 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 | • The company has engaged the services of a senior audit executive as its Treasurer. | |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | COMPLIANT | • As an insurance brokerage, RIBI considers the following as its main risks: 1. Credit risk 2. Liquidity risk Management of these risks is disclosed in the audited financial statements. | |
| 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 | • In-house internal audit. | |
| Recommendation 12.3 | | | |

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|--|---------------|---|---|
| 1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board. | COMPLIANT | <ul style="list-style-type: none"> The company's Chief Audit Executive is Mr. Ariel de Guzman (see resume). He is responsible for overseeing the internal audit activity in the Company. | |
| 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 | | |
| 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 | | <ul style="list-style-type: none"> No such instance to date as the company does not have a fully-outsourced internal audit. |
| Recommendation 12.4 | | | |
| 1. The company has a separate risk management function to identify, assess and monitor key risk exposures. | NON-COMPLIANT | | As a small insurance brokerage company with less than 10 employees, RIBI does not have a separate risk management function nor a Chief Risk Officer (CRO). As earlier indicated, enterprise risk management is included among the functions of the Audit Committee. |
| 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 | | As a small insurance brokerage company with less than 10 employees, RIBI does not have a separate risk management function nor a Chief Risk Officer (CRO). As earlier indicated, enterprise risk management is included among the functions of the Audit Committee. |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | NON-COMPLIANT | | |
| 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 | <ul style="list-style-type: none"> As per section 6 of Manual on Corporate Governance (uploaded to website). | |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | COMPLIANT | | |
| Recommendation 13.2 | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting. | COMPLIANT | <ul style="list-style-type: none"> Notice and agenda of stockholders meeting are sent out <u>30</u> days before the meeting. | |
| Recommendation 13.3 | | | |

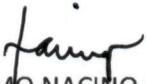
| | | | |
|--|---------------|---|---|
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | COMPLIANT | • As a privately-held insurance brokerage company, voting is not by polling but unanimously. | |
| 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 | • As per minutes of Annual Shareholders Meeting on June 25, 2020. (uploaded to website) | |
| Recommendation 13.4 | | | |
| 1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | NON-COMPLIANT | | • As a small, privately-held insurance brokerage company, RIBI has no need for alternative dispute mechanism to resolve intra-corporate disputes. |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | NON-COMPLIANT | | |
| Duties to Stakeholders | | | |
| Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. | | | |
| Recommendation 14.1 | | | |
| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | COMPLIANT | • As an insurance brokerage company, RIBI promotes cooperation among its stakeholders identified as follows: 1. Customers/clients 2. Insurance companies 3. Employees 4. Suppliers/service providers 5. Stockholders | |
| Recommendation 14.2 | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | COMPLIANT | • As per Section 6 of the Manual on Corporate Governance (uploaded to website). | |
| Recommendation 14.3 | | | |
| 1. Board adopts a transparent framework and process that allows stakeholders to communicate with the company and to obtain redress for the violation of their rights. | COMPLIANT | • Contact details for communicating with relevant contact persons of the company are specified in the company's website. | |
| 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 | | | |

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|---|---------------|---|---|
| 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 | <ul style="list-style-type: none"> • Employees participate in Annual Business Planning and monthly reviews. • Employees given stock ownership. | |
| 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 | <ul style="list-style-type: none"> • As per RIBI Code of Business Principles, disseminated to all employees and uploaded to website | |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | COMPLIANT | | |
| 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. | NON-COMPLIANT | | <ul style="list-style-type: none"> • As a small insurance brokerage company with less than 10 employees, RIBI sees no need for a formal whistleblowing framework. Direct and constant communication with employees about their concerns is encouraged instead. |
| 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. | NON-COMPLIANT | | |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | NON-COMPLIANT | | |
| <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> | | | |
| 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. | COMPLIANT | <ul style="list-style-type: none"> • As per RIBI Code of Business Principles (uploaded to website). Please note RIBI operates only from one small office in the 4th floor of a building in Mandaluyong City. | |

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 _____ on the _____ of _____ 20__.


FELICISIMO NACINO JR.
CHAIRMAN OF THE BOARD
Signature over printed name


FELICISIMO NACINO JR.
PRESIDENT/CEO
Signature over printed name


ESPERANZA M. ATANACIO
CORPORATE SECRETARY
Signature over printed name


ARIEL A. DE GUZMAN
CORPORATE GOVERNANCE COMPLIANCE OFFICER
Signature over printed name


PHILIP V. PRIETO
INDEPENDENT DIRECTOR
Signature over printed name

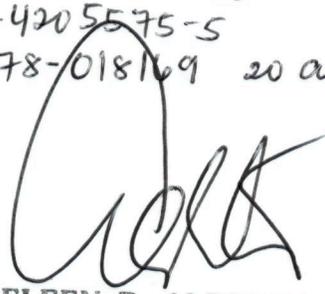
INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this _____ day of JUL 26 2021, City of Mandaluyong, 20__, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me.

| NAME | ID NO. | DATE/PLACE ISSUED |
|--------------------------|----------------------|-------------------|
| 1. FELICISIMO NACINO JR. | DL No. N15-78-020643 | 09 May |
| 2. ARIEL A. DE GUZMAN | DL No. D16-98-195525 | 05 March 2024 |
| 3. ESPERANZA M. ATANACIO | SSS No. 03-4205575-5 | |
| 4. PHILIP V. PRIETO | DL No. N01-78-018169 | 20 Aug. 2022 |

Doc. No. 454
Page No. 91
Book No. XL
Series of 2021





NOTARY PUBLIC

ADELEEN B. ALBERTO
Appt. No. 0250-21 until Dec. 31, 2022
5/F RFM Corporate Center, Pioneer St., Mand.
IBP No. 132732/11.17.2020 /RSM
PTR No. 4536747/01.04.2021 / Mand.
Roll of Attorneys No. 51345
MCLE Compliance No. VI-0017167/04.14.2022