

ANNUAL CORPORATE GOVERNANCE REPORT OF

RELIANCE SURETY & INSURANCE CO., INC

(Name of Company)

1. For the Fiscal Year ended..... 2021

2. Certificate Authority Number 2019/64-R

3. Manila, Philippines
Province, Country or other jurisdiction of incorporation or organization

4. 8th Floor, Unionbank Centre, 208 Dasmarinas St., Binondo, Manila
Address of the Principal Office

5. (+632) 8243-0261 to 70
Company's Telephone Number, including area code

6. www.rsi-insure.com
Company's official website

7. N/A
Former Name, former address, and former fiscal year, if changed since last report.



ANNUAL CORPORATE GOVERNANCE REPORT

| | COMPLIANT/ NON-COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
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| 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 collectiveworking knowledge, experience or expertise that is relevant to the company's industry/sector. | Compliant | Please refer to the Profile of the Outgoing and Incoming Members of the Board, Corporate Secretary and Executive Officers | |
| 2. Board has an appropriate mix of competence and expertise | Compliant | Outgoing Board of Directors Incoming Board of Directors | |
| 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 | 2021 Company Profile The qualifications for and disqualifications from directorship are provided in the Manual on Corporate Governance. Updated Manual on Corporate Governance (page 8) | |
| Recommendation 1.2 | | | |
| 1. Board is composed of a majority of non-executive directors. | Compliant | Outgoing Board of Directors 2021 Minutes of Org. Meeting of BOD Out of Nine (9) members of the Board, 2/3 or Six (6) are non-executive directors. | |

| Recommendation 1.3 | | | |
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| 1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors. | Compliant | <p>Training of Directors is provided in the Manual on Corporate Governance.</p> <p>Policy on Training Updated Manual on Corporate Governance (page 6)</p> | |
| 2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors | Compliant | <p>Orientation of the first time directors is provided in the Manual on Corporate Governance.</p> <p>Policy on Training Updated Manual on Corporate Governance (page 6)</p> | |
| 3. Company has relevant annual continuing training for all directors. | Non-Compliant | | <p>Effective February 21, 2022, our new President is Ms. Rebecca dela Cruz, a fellow of the Institute for Corporate Directors (ICD).</p> <p>Under the new management, annual continuing training will be implemented.</p> |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity | Compliant | <p>2021 Minutes of Org. Meeting of BOD</p> <p>The Manual on Corporate Governance includes a Policy on Board Diversity. Updated Manual on Corporate Governance (page 6)</p> | <p>During the year 2021, there were Four (4) male and Five (5) female members in the Board with knowledge across industries.</p> <p>Under the new management which took over on February 21, 2022, there are now only Five (5) directors, 2 Female and 3 Male, with varying skills and capabilities. One is an executive director while the other four are non-executive directors</p> |

| Recommendation 1.5 | | | |
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| 1. Board is assisted in its duties by a Corporate Secretary. | Compliant | Outgoing Board of Directors Amended By Laws (Article 4, Sections 1 & 8) | The outgoing Corporate Secretary is separate from the Compliance Officer. She is not a member of the Board of Directors. |
| 2. Corporate Secretary is a separate individual from the Compliance Officer | Compliant | 2021 Minutes of Org. Meeting of BOD The qualifications, duties and responsibilities of the Corporate Secretary are provided in the Manual on Corporate Governance. | |
| 3. Corporate Secretary is not a member of the Board of Directors | Compliant | Updated Manual on Corporate Governance (page 11) | |
| 4. Corporate Secretary attends training/s on corporate governance | Compliant | The outgoing Corporate Secretary has attended several trainings/seminars on Corporate Governance and related topics. Recently, she attended the ICD webinar on “AMLA Compliance in the Age of the Digital World” on June 17, 2021 as well as the First Asean Corporate Governance Roundtable Activity held on July 28, 2021 Seminars Asean Corporate Governance Scorecard Workshops and Seminars | |
| Recommendation 1.6 | | | |
| 1. Board assisted by a Compliance Officer | Compliant | Information about the Acting Compliance Officer can be found in the Profile: Incoming Board of Directors | |
| 2. Compliance Officer has a rank of Vice President or an equivalent position with adequate structure and authority in the Corporation | Compliant | | |
| 3. Compliance Officer is not a member of the board. | Compliant | Updated Manual on Corporate Governance (page 13) | The acting Compliance Officer is not a member of the Board |

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| 4. Compliance Officer attends training/s on corporate governance annually | Compliant | Asean Corporate Governance Scorecard Workshops and Seminars | The Acting Compliance Officer attended the first Asean Corporate Governance Roundtable Activity held on July 28, 2021, and the 2022 ACGS Workshop for Insurance Companies held on June 20, 2022. |
| 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 the 2021 Annual Stockholders Meeting 2021 Minutes of Org. Meeting of BOD 2021 Notice of BOD Meeting Explanation of Agenda Items | |
| Recommendation 2.2 | | | |
| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | Compliant | The General and Specific Duties and Responsibilities of the Board is provided in the MCG: | |
| 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 | Updated Manual on Corporate Governance (page 15) The Board undertakes annual review of the business objectives and strategy. RSI Vision and Mission | |
| Recommendation 2.3 | | | |
| 1. Board is headed by a competent and qualified Chairperson | Compliant | The Chairperson up to February 2022, Andrew Dee Co, is competent and qualified. Under the new management, the new Chairperson, Mr. Jan Frederick Chiong, is likewise a competent and qualified director and and chairperson. Outgoing Board of Directors Incoming Board of Directors | |

| Recommendation 2.4 | | | |
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| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management | Compliant | The Manual on Corporate Governance has a policy on Succession Planning which also sets the retirement of directors and key officers. Updated Manual on Corporate Governance (page 22) | |
| 2. Board adopts a policy on the retirement for directors and key officers | Compliant | | |
| Recommendation 2.5 | | | |
| 1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members. | Compliant | The Manual on Corporate Governance has a policy on Board Remuneration Updated Manual on Corporate Governance (page 24) Charter of the Corporate Governance, Nomination & Remuneration Committee | |
| 2. Board aligns the remuneration of the key officers and board members with long term interests of the company | Non-compliant | | Under the new Management, the policy on board remuneration will be aligned with the policy of the region to include remuneration during board, committee, stockholders, and other special meetings vis a vis the long-term interests of the company. |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration | Compliant | Amended By-Laws (page 13) Policy on Board Remuneration Updated Manual on Corporate Governance (page 24) | |
| Recommendation 2.6 | | | |
| 1. Board has a formal and transparent board nomination and election policy. | Compliant | The Manual on Corporate Governance provides for a formal and transparent Board Nomination and Election Policy. Updated Manual on Corporate Governance (page 24) | In the Notice of Annual Stockholders' Meeting, all stockholders, including minority stockholders, are invited to nominate desired candidates. Nomination forms are attached to the Notice. Voting and vote tabulation |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance | Compliant | | |

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| 3. Board nomination and election policy includes how the company accepts nominations from minority shareholders. | Compliant | Minutes of the 2021 Annual Stockholders Meeting Nomination Form | procedure is explained during the actual stockholders' meeting. |
| 4. Board Nomination and election policy includes how the board reviews nominated candidates. | Compliant | Notice of Annual Stockholders' Meeting Results of 2021 Voting Charter of the Corporate Governance, Nomination & Remuneration Committee | |
| 5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | Non-Compliant | | Under the new management, the Board policy shall include an assessment to ascertain the effectiveness of the Board's processes in the nomination, election, or replacement of a director. |
| 6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company | Compliant | Charter of the Corporate Governance, Nomination & Remuneration Committee | The CG, Nomination and remuneration committee ensures that only candidates with the right qualifications are eligible for election to the board. |
| Recommendation 2.7 | | | |
| 1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions | Compliant | The policy on RPT is aligned with the IC Circular No. 2017-29, guidelines on RPTs for covered institutions. Policy on Related Party Transactions Updated Manual on Corporate Governance (page 26) | |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions | Compliant | Charter of the Audit and Related Party Transactions Committee | |
| 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 are disclosed in Note 33 of the 2021 Audited Financial Statements. 2021 Audited Financial Statements (page 62) | |

| Recommendation 2.8 | | | |
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| 1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | Compliant | <p>General Responsibilities of the Board of Directors.</p> <p>Updated Manual on Corporate Governance (page 15)</p> <p>The Management Team appointed for the year 2021 includes the Vice President & Treasurer, Vice President-Operations, Vice President – Corporate Affairs, Corporate Secretary, and Compliance Officer.</p> <p>2021 Company Profile</p> | The Manual on Corporate Governance provides for Board approval of the selection and assessment of the performance of the Management team as part of the General Responsibilities of the Board. |
| 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). | Non-compliant | | Under the new management, the Board will be setting up a formal procedure for the assessment of Management performance. |
| 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. | Non-compliant | | Under the new management, a performance management framework will be established based on the region's performance standards. |
| 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. | Non-compliant | | |
| Recommendation 2.10 | | | |
| 1. Board oversees that an appropriate internal control system is in place | Compliant | The Internal Control System and Risk Management Framework is provided in the Manual on Corporate Governance. | |

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| | | Updated Manual on Corporate Governance (page 52) | |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders | Compliant | Governance on Policy on Conflict of Interest is provided in the Manual on Corporate Governance Updated Manual on Corporate Governance (page 27) | |
| 3. Board approves the Internal Audit Charter | Non-Compliant | | The new Board shall oversee the formation of the Internal Audit Charter and appointment of the Internal Auditor. |
| 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 | Partly Compliant | Internal Control and Risk Management Framework Updated Manual on Corporate Governance (page 52) | Under the new management, the Enterprise Risk Management Framework, in a more comprehensive manner, will be established. |
| 2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies | Compliant | Risk Management is a function of the BROCCOMMITTEE. Charter of the BROCCOMMITTEE | |
| 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 | RSI Board Charter RSI Official Website | Under the new management, the existing Board Charter will be reviewed and maximized |
| 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 | | | |
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| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | Compliant | 2021 Minutes of Org. Meeting of BOD Board Committees/Establishment of Board Committees Updated Manual on Corporate Governance (page 29) | Under the new management, a new set of Board Committees is also formed and will be responsible for reviewing the specific Board functions and optimal assessment of the board performance. |
| 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 | Charter of Audit and Related Party Transactions Committee Audit and Related Party Transactions Committee Updated Manual on Corporate Governance (page 30) | Recommendation for the appointment and removal of the company's external auditor is included in the Audit and RPT Committee's responsibilities. |
| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent | Compliant | | For the year 2021, the Audit and RPT Committee was composed of 4 directors, 3 of whom are independent. The Chairman of the Audit and RPT Committee is an Independent Director with extensive experience in the field of insurance. The other members are also qualified. |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | Compliant | 2021 Minutes of Org. Meeting of BOD Incoming Board of Directors Outgoing Board of Directors | Under the new management, the Chairman of the Audit and RPT Committee is also an independent director with very good experience in finance and audit. |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | Compliant | The Chairman of the Audit and RPT Committee, Mr. George Duque, is an independent director 2021 Minutes of Org. Meeting of BOD | For the year 2021, the Chairman of the Audit and RPT Committee is an Independent Director and is not the Chairman of the Board or of any other committee. |
| Recommendation 3.3 | | | |

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| 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 | Charter of CG, Nomination, Remuneration Committee Corporate Governance, Nomination and Remuneration: Updated Manual on Corporate Governance (page 34) | |
| 2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors. | Compliant | 2021 Minutes of Org. Meeting of BOD 2 of 3 members of the Corporate Governance, Nomination and Remuneration Committee are Independent Directors. The Chairperson, Ms. Corazon dela Rosa, is an Independent Director. | |
| 3. Chairman of the Corporate Governance Committee is an independent director. | Compliant | | |
| Recommendation 3.4 | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness | Compliant | Charter of BROC Committee Board Risk and Oversight Committee: Updated Manual on Corporate Governance (page 37) | |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | Partly Compliant | In 2021, the Chairperson is an executive director. Incoming Board of Directors | Under the new management, the Chairman of the BROC will be a non-executive director |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | Compliant | In 2021, the Chairperson of the BROC is Mrs. Soledad Te Gue. She is not the Chairman of the Board or of any other committee. | |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | Compliant | Mrs. Soledad Te Gue has relevant thorough knowledge and experience on risk and risk management across all lines of business. Outgoing Board of Directors | |

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. | Compliant | Charter of Audit, RPT Committee | |
| 2. RPT Committee is composed of at least threenon-executive directors, majority of whom should be independent, including the Chairman. | Compliant | The Audit & RPT Committee is composed of 4 directors, 3 of whom are independent. The Chairman of the Audit and RPT Committee is an Independent Director with extensive experience in the field of insurance. The other members are also qualified. 2021 Minutes of Org. Meeting of BOD | |
| Recommendation 3.6 | | | |
| 1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | Compliant | Charter of the Audit Committee Charter of BROCC Committee Charter of Corporate Governance, Nomination, and Remuneration Committee | |
| 2. Committee Charters provide standards for evaluating the performance of the Committees | Non-compliant | | The Committee Charters shall be revised to include standards for evaluating the performance of the Committees. |
| 3. Committee Charters were fully disclosed on the company's website | Compliant | https://rsi-insure.com/corporate-governance/source-documents | |
| Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. | | | |
| Recommendation 4.1 | | | |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele/video conferencing conducted in accordance with the rules and regulations of the Commission. | Compliant | Minutes of the 2021 Annual Stockholders Meeting Minutes of 2021 Org. Meeting of BOD Requirement for Quorum is provided in the Corporate By-Laws: Amended By Laws (page 4) Board Meetings and Quorum | |

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| | | Requirements Updated Manual on Corporate Governance page 39) | |
| 2. The directors review meeting materials for all Board and Committee meetings. | Compliant | Notice of 2021 Annual Stockholders' Meeting 2021 Notice of BOD Meeting 2021 Explanation of Agenda Items | Materials for discussion are given to the Board prior to meetings. |
| 3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | Compliant | Minutes of the 2021 Annual Stockholders Meeting 2021 Minutes of Org. Meeting of BOD | Stockholders and directors are given the opportunity to ask questions or clarifications. |
| 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 | Policy on Multiple Board Seats Updated Manual on Corporate Governance (page 41) Outgoing Board of Directors | The Manual on Corporate Governance indicates the limit of board seats. The Profile of Directors indicate directorships in both listed and non-listed companies, if any. |
| 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 | Notification of Directorship Updated Manual on Corporate Governance (page 41) | |

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

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| <p>1. The Board is composed of at least twenty percent (20%) independent directors.</p> | <p>Compliant</p> | <p>Minutes of the 2021 Annual Stockholders Meeting Results of 2021 Voting 2021 Minutes of Org. Meeting of BOD</p> | <p>Five (5) out of Nine (9) members of the Board are independent.</p> |
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Recommendation 5.2

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| <p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p> | <p>Compliant</p> | <p>The qualifications and disqualifications of an ID are provided in our manual on corporate governance Updated Manual on Corporate Governance (page 8) Please refer to the profile of the directors: Outgoing Board of Directors</p> | |
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Recommendation 5.3

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| <p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p> | <p>Compliant</p> | <p>Term limit of Independent Directors Updated Manual on Corporate Governance (page 42) From the reckoning date of January 2, 2015, none of the independent directors have served for a maximum cumulative term of nine (9) years.</p> | |
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| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | Compliant | Term limit of Independent Directors Updated Manual on Corporate Governance (page 42) | |
| 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 | From the reckoning date of January 2, 2015, none of the independent directors have served for a maximum cumulative term of nine years. | |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | Partly Compliant | For the year 2021, the Chairman of the Board and President/CEO is Andrew Dee Co. Incoming Board of Directors Outgoing Board of Directors | Under the new management, the Board has appointed separate individuals to fill the positions of Chairman of the Board and President/CEO. |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | Compliant | The responsibilities of the Chairman of the Board and CEO are clearly defined in the Manual on Corporate Governance and Board Charter: Chairman of the Board Updated Manual on Corporate Governance (page 21) Board Charter RSI Board Charter (page 11) President/Chief Executive Officer Updated Manual on Corporate Governance (page 44) Board Charter RSI Board Charter (page 24) | |

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| 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 oneperson, the Board should designate a lead director among the independent directors. | Partly Compliant | Incoming Board of Directors | Under the new management, the Board has appointed a separate individual as Chairman and will appoint a separate Lead Independent Director. |
| 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 | Material Interest of Directors Updated Manual on Corporate Governance (page 46) Policy on Related Party Transactions Updated Manual on Corporate Governance (page 26) | |
| 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 | | Under the new management, this practice will be put into place as part of the company's corporate governance policies. |
| 2. The meetings are chaired by the lead independent director. | Non-compliant | | A lead independent director shall be designated. |
| 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 | | Under the new management, the Board shall develop an assessment framework |

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| 2. The performance of the Chairman is assessed annually by the Board. | Non-compliant | | for the evaluation of the performance of the Board as a whole, the Chairman, individual members and each committee. External facilitation shall be arranged every three years. |
| 3. The performance of the individual members 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 | | | |
| 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 | | Under the new management, the Board will be formulating and implementing the assessment criteria and incorporate a feedback mechanism for shareholders. |
| 2. The system allows for a feedback mechanism from the shareholders | Non-compliant | | |
| Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. | | | |
| Recommendation 7.1 | | | |
| 1. Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | Compliant | Code of Business Conduct and Ethics | |
| 2. The Code is properly disseminated to the Board, senior management, and employees. | Partly Compliant | | Under the new management, the Board shall institute the dissemination and promotion of the Code of Business Conduct and Ethics. |

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| 3. The Code is disclosed and made available to the public through the company website. | Compliant | Code of Business Conduct and Ethics | |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics | Non-compliant | | Under the new management, the implementation and monitoring of the Code of Business Conduct and Ethics will be more organized and closely monitored. |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | Partly Compliant | The Board monitors the submission of all compliance requirements through the Annual Corporate Governance Scorecards. 2021 ACGR Final Report | The Board is still in the process of setting up a system to effectively implement and monitor compliance with company internal policies. |
| 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 | Disclosure and Transparency Updated Manual on Corporate Governance (page 48) | |
| Recommendation 8.3 | | | |
| 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 | Relevant and material information about the individual board members, including share ownership, are disclosed in their Profile and published on the website. Outgoing Board of Directors Company Profile | |

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| | | Ownership Structure | |
| 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 | Relevant and material information about our key officers is disclosed and published in our website. Outgoing Board of Directors Company Profile Ownership Structure | |
| 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 | Policy on Board Remuneration Updated Manual on Corporate Governance (page 24) | |
| 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 | Charter of Corporate Governance, Nomination, and Remuneration Committee | |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | Non-compliant | | Under the new management, the policy on disclosure of remuneration will be evaluated to ensure compliance. |
| Recommendation 8.5 | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions | Compliant | Policy on Related Party Transactions Updated Manual on Corporate Governance (page 26) Charter of Audit, RPT Committee | |

| Recommendation 8.6 | | | |
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| 1. 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 | RPTs are discussed in Note 33 of the 2021 Audited Financial Statements 2021 Audited Financial Statements. (page 62) | |
| Recommendation 8.7 | | | |
| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | Compliant | Updated Manual on Corporate Governance | |
| 2. Company's MCG is posted on its company website. | Compliant | Updated Manual on Corporate Governance | |
| 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 | External Audit Updated Manual on Corporate Governance (page 50) Charter of Audit, RPT Committee | |
| 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 | 2021 Minutes of the Annual Stockholders Meeting The percentage of shareholders that ratified the reappointment and fees of our external auditor for 2021 was 99.95%. | |
| 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 | Results of Voting: Results of 2021 Voting No removal or change in external auditor for year 2021. | |

| Recommendation 9.2 | | | |
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| <p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | Compliant | Charter of Audit, RPT Committee | |
| <p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis</p> | Compliant | Charter of Audit, RPT Committee | |
| Recommendation 9.3 | | | |
| <p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p> | Compliant | <p>There are no non-audit services performed or being performed by the external auditor.</p> <p>2021 Audited Financial Statements.</p> | |
| <p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity</p> | Compliant | <p>Evaluation of the non-audit work of the external auditor, if any, is provided under the Audit and RPT Committee.</p> <p>Charter of Audit, RPT Committee</p> | |
| <p>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed</p> | | | |

| Recommendation 10.1 | | | |
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| 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 new management will take up the matter of disclosure of non-financial information and sustainability reporting. |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | Non-compliant | | The new management will take up the matter of disclosure of non-financial information and sustainability reporting. |
| 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 | https://rsi-insure.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 Internal Control System and Risk Management Framework is provided in the Manual on Corporate Governance. Updated Manual on Corporate Governance (page 52) | |
| 2. Company has an adequate and effective enterprise risk management framework in | Compliant | Management of Insurance Risk, Financial Risk and Capital is disclosed in Note 7 of | |

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| theconduct of its business. | | the 2021 Audited Financial Statements. 2021 Audited Financial Statements (page 33) | |
| Recommendation 12.2 | | | |
| 1. Company has in place an independent internalaudit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | Non-Compliant | | Under the new management, the Board will look into setting up an independent internal audit function. |
| Recommendation 12.3 | | | |
| 1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board. | Non-Compliant | | Under the new management, the Board will look into the hiring/appointment of a qualified CAE who shall be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider | Compliant | The duties of the CAE are provided in the Manual on Corporate Governance. Updated Manual on Corporate Governance (page 52) | |
| 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 outsourcedinternal audit activity. | Non-Compliant | | Under the new management, a qualified independent executive or senior management personnel shall be assigned to manage the fully outsourced internal audit activity. |
| Recommendation 12.4 | | | |
| 1. The company has a separate risk management function to identify, assess andmonitor key risk exposures. | Compliant | The risk management function is provided in the MCG. Updated Manual on Corporate Governance (page 54) | |
| Recommendation 12.5 | | | |

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| 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 | | The company shall consider the appointment of a Chief Risk Officer (CRO) with adequate authority, stature, resources and support to fulfill his/her responsibilities. |
| 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

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| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | Compliant | Shareholder Rights Updated Manual on Corporate Governance (page 55) | |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | Compliant | Stockholders Third Amended By-Laws (Article 1, Page 3) | |

Recommendation 13.2

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| 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 | Notice of 2021 Annual Stockholders' Meeting 2021 Annual Stockholders' Meeting Agenda 2021 Explanation of Agenda Items Third Amended By-Laws (Article I, Section 2, Page 3) Proxy Form (Individual) Proxy Form (Corporate) | <p>The Notice of Annual Stockholders' Meeting for the year 2021 was posted on June 11, 2021, ahead of the meeting on July 22, 2021.</p> <p>The Agenda and the accompanying Explanation were included in the Notices sent to Stockholders.</p> <p>Proxy Forms are attached to the notices sent to stockholders to encourage participation.</p> |
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| Recommendation 13.3 | | | |
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| 1. Board encourages active shareholder participation by making the result of the votestaken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | Compliant | Results of 2021 Voting | Votes are published the day after the annual meeting. |
| 2. Minutes of the Annual and Special Shareholders' Meetings are available on thecompany website within five business days from the end of the meeting. | Compliant | Minutes of the 2021 Annual Stockholders Meeting | |
| Recommendation 13.4 | | | |
| 1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner | Compliant | Establishment and maintenance of an alternative dispute resolution system is provided in the board charter. Board Charter The company did not encounter any intra-corporate disputes. Certificate of No Intra Corporate Disputes | |
| 2. The alternative dispute mechanism is includedin the company's Manual on Corporate Governance. | Compliant | Alternative Dispute Resolution Updated Manual on Corporate Governance (page 59) | |
| 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 creatingwealth, growth and sustainability. | Compliant | Stakeholders are identified Updated Manual on Corporate Governance (page 59) | |

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| Recommendation 14.2 | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | Compliant | Whistle-blowing Policy. RSI Whistleblowing Policy | |
| 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 | Whistleblowers may submit complaints to the Compliance Officer through the following channels: 1. Email complaints@rsi-insure.com ; 2. Mail Office of the Compliance Officer Reliance Surety & Insurance Co., Inc. 208 Dasmariñas St., Binondo, Manila | |
| Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes. | | | |
| Recommendation 15.1 | | | |
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. | Compliant | Employee Engagement Updated Manual on Corporate Governance (page 60) | |
| 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 | Anti-Bribery & Corruption Policy Updated Manual on Corporate Governance (page 61) Anti-Bribery & Corruption Policy | |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | Non-compliant | | Under the new management, trainings for employee participation in good governance will be implemented. |

| Recommendation 15.3 | | | |
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| 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 | Anti-Bribery & Corruption Policy Whistleblowers may submit complaints to the Compliance Officer through the following channels: <ol style="list-style-type: none"> 1. Email (complaints@rsi-insure.com); 2. Mail Office of the Compliance Officer Reliance Surety & Insurance Co., Inc. 208 Dasmariñas St., Binondo, Manila | |
| 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 | Whistle-blowing Policy. RSI Whistleblowing Policy | |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | Compliant | Updated Manual on Corporate Governance (page 61) | |
| 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 | Compliant | https://rsi-insure.com/news-and-events | The company realizes the importance of giving back to the community and has instituted several community outreach projects. |


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 on the MAY 30 day of 2022.



JAN FREDERIC L. CHIONG
Chairman of the Board


REBECCA B. DELA CRUZ
President/Director



WONSUK HEO
Independent Director


JOCELYN G. CABREZA
Independent Director


ATTY. MA. THERESA G. DELA ROSA
Corporate Secretary


NANETTE Q. SIA
Acting Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 30 day of 2022, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited their respective identification document as follows:

| NAME | ID NO. | DATE/PLACE ISSUED |
|-----------------------------------|---|-------------------|
| 1. Jan Frederic L. Chiong |  | |
| 2. Rebecca B. Dela Cruz | | |
| 3. Wonsuk Heo | | |
| 4. Jocelyn G. Cabreza | | |
| 5. Atty. Ma. Theresa G. Dela Rosa | | |
| 6. Nanette Q. Sia | | |

Doc. No. 40
Page No. 14
Book No. VII
Series of 2022.


RONHEL VINN A. PAPA
Appointment No. M-08 (2020-2021)
Notary Public for Makati City
Until December 31, 2021
27th Floor, 88 Corporate Center
141 Sedeño St., Salcedo Village, Makati City
Rol. No. 73157
PTR No. 8852204/01-03-2022/ Makati City
IBP No. 171415/01-03-2022/ Makati City
EXTENDED UNTIL JUNE 2022 PURSUANT TO BM NO. 3796