

**CHARTER OF THE CORPORATE GOVERNANCE, NOMINATION &  
REMUNERATION COMMITTEE  
RELIANCE SURETY & INSURANCE CO., INC.**

**I. INTRODUCTION**

The Corporate Governance, Nomination & Remuneration Committee (the “Committee”) is established as a committee of the Company’s Board of Directors (the “Board”) tasked to assist the Board in ensuring compliance of its corporate governance as well as duties in relation to the nomination, election, or replacement and remuneration of directors and other positions requiring appointment by the Board.

This Charter may be amended from time to time as required, subject to approval by the Board.

**II. MEMBERSHIP**

- 2.1 The Committee shall each year be appointed by the Board during the annual Organizational Meeting;
- 2.2 The Committee shall comprise of at least three (3) and no more than five members, majority of whom should be independent directors;
- 2.3 The Board shall appoint a chairman from among the members of the Committee from time to time. The Chairman shall be an independent director; and
- 2.4 The Chairman and the members of the Committee shall have a term of one (1) year or until their successors are appointed by the Board.

**III. MEETINGS**

- 3.1 The Committee shall meet at least four (4) times per annum and more frequently as deemed necessary by the chairman of the Committee or at the request of a Committee member;
- 3.2 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee;
- 3.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any person required to attend, no later than five (5) days before the date of the meeting. Supporting papers shall be sent to Committee members and attendees as appropriate at the same time;
- 3.4 The Committee can invite members of management or others to attend meetings and provide pertinent information as necessary.

- 3.5 Members may attend meetings in person, or through teleconferencing or video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein;
- 3.6 Members may give their consent or approval to an item in the agenda in writing or by any electronic means;
- 3.7 Minutes of the Committee meetings shall be kept and members shall be furnished copies thereof and any action taken or resolution decided; and
- 3.8 The Committee shall report to the Board on its activities following each meeting.

#### **IV. AUTHORITY**

The Committee is authorized to:

- 4.1 Investigate or cause to be investigated, any activity within its terms of reference;
- 4.2 Obtain, at the Company's expense, external legal and/or other professional advice on any matter within its terms of reference as the Committee deems necessary, and to secure the attendance of such advisors at Committee meetings as necessary;
- 4.3 Seek any information it requires to perform its duties; and
- 4.4 Delegate any of its duties as appropriate to such person or persons as it thinks fit whilst retaining responsibility and oversight for any and all actions taken.

#### **V. DUTIES & RESPONSIBILITIES**

The Committee has the following duties and responsibilities:

##### **5.1 Governance**

- 5.1.1. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- 5.1.2. Oversees the periodic performance evaluation of the Board and its committees and conducts an annual self-evaluation of its performance;
- 5.1.3. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- 5.1.4. Recommends continuing education and/or training programs for directors, succession plan for board members and management; and
- 5.1.5. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.

## 5.2 Nomination

- 5.2.1. Review and assess the effectiveness of the Board's processes and procedures in the nomination, election or replacement of directors on an annual basis;
- 5.2.2. Carry out basic checks of a potential director's standing, including details of any conflicts of interest, criminal record or regulatory sanctions;
- 5.2.3. Encourages the formal, fair and transparent selection of a mix of competent directors nominated by shareholders, including minority shareholders, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies while also ensuring the implementation of the diversity policy;
- 5.2.4. Review and evaluate the qualifications of all persons nominated to positions in the Corporation which require appointment by the Board, providing guidance and advice as necessary for appointments made by the Chairman or President;
- 5.2.5. Recommend persons to fill any vacancy on the Board which the Board may fill pursuant to local governing law, directors to be appointed to Committees of the Board, and nominees for election or reelection as directors;
- 5.2.6. Responsible for recommending to the Board for approval all nominees to serve as members of the Board, whether they are to be appointed by the Board to fill a vacancy or nominated by the Board for election or reelection at a meeting of stockholders;
- 5.2.7. Reviews and revises the succession plans for members of the Board and management obtain, at the Company's expense, external legal and/or other professional advice on any matter within its terms of reference as the Committee deems necessary, and to secure the attendance of such advisors at Committee meetings as necessary; and
- 5.2.8. Determine the nomination and election process for the Company's directors and define the general profile of Board members that the Company may need and ensure appropriate knowledge, competencies, and expertise that complement the existing skills of the Board.

## 5.3 Remuneration

- 5.3.1. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates;
- 5.3.2. Overseeing the formulation and adoption of a policy specifying the relationship between remuneration and performance of key officers and board members as well as the alignment of remuneration of key officers and board members with long term interests of the company.
- 5.3.3. Review and assess the remuneration and at-risk reward and remuneration policy;

- 5.3.4. Overseeing and monitoring of the executive succession planning framework and compliance with statutory remuneration reporting disclosures.
- 5.4 Undertake such other duties and exercise such powers as may from time to time be assigned to or vested in the Committee by the Board;
- 5.5 All actions and resolutions of the Committee shall be presented to the Board for approval, including, but not limited to, relevant profiles and details of nominee directors to be elected during the Corporation's annual stockholders meeting;
- 5.6 Periodically review the business interests and business activities of members of the Board and the executive officers of the Company, including any interests and activities that may constitute a conflict of interest; and
- 5.7 Maintain minutes of meetings and periodically report to the Board of Directors on significant matters related to the Committee's responsibilities.

## **VI. DIVERSITY POLICY**

The Committee shall identify and recommend potential candidates to the Board who are highly qualified and possess the necessary experience and technical expertise that are in line with and/or complement the business and operations of SIGI and whose qualifications regardless of gender, age, race, ethnicity, nationality, sexual orientation or identity, disability, education, political stand, religious or cultural background.

While SIGI is committed to a diverse, inclusive, and equitable environment, all Board appointments must also be made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective and having regard to the prevailing business strategy of the Company.

## **VII. BOARD NOMINATION AND ELECTION POLICY**

### **7.1 Board Nomination**

- 7.1.1. In accordance with the By-Laws of the Corporation, any shareholder, including minority shareholders, may submit to the Corporate Secretary all written nominations not later than the next annual meeting of the stockholders. As prescribed in the corporate By-Laws, annual meeting of the stockholders shall be held on the second Tuesday of June of each year;
- 7.1.2. The Corporate Secretary shall present all nominations to the Corporate Governance, Nomination, and Remuneration Committee the names of the nominees for Board Directorship including the nominees for the independent directors;
- 7.1.3. The Committee shall review, pre-screen and evaluate the qualifications of all those nominated in accordance with the qualifications stated in Article II, Section 2.1. of this Manual;
- 7.1.4. The Committee shall ensure that only those qualified nominees that possess all the qualifications and none of the disqualifications from directorship as provided in the

Article II, Section 2.1 & 2.2 in this manual, may be shortlisted to be elected to the Board;

- 7.1.5. The final list of the candidates for director/s, including independent directors, shall be presented by the Corporate Governance, Nomination, and Remuneration Committee to the Board of Directors prior to a shareholders meeting. Only nominees whose names appear on the final list shall be recommended to be eligible for election; and
- 7.1.6. No other nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.

## **7.2 Election of Directors**

- 7.2.1. The election of directors shall be held during the Annual Stockholders Meeting;
- 7.2.2. Each outstanding share of stock entitles the registered shareholder to one vote. The elections will be by plurality of votes, and every shareholder will be entitled to cumulate his votes;
- 7.2.3. A stockholder may vote in person or by proxy. All proxies shall be hand over to the Corporate Secretary before the scheduled meeting;
- 7.2.4. The Corporate Secretary shall report on the results of the votes received and tabulation. An independent external auditor shall be present during the meeting in order to validate the voting results; and
- 7.2.5. The minutes of the meeting during the annual stockholders meeting and the results of the election shall be made publicly available within five (5) business days from the date of the meeting in the SIGI website.

## **7.3 Election of Independent Director/s**

- 7.3.1. The conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the Corporation or its By-Laws;
  - 7.3.2. It shall be the responsibility of the Chairman of the Meeting to inform all shareholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s are elected during the stockholders' meeting. Specific slot/s for independent directors shall not be filled-up by unqualified nominees. In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.
- 7.4 The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or special meeting of stockholders called for the purpose, after giving notice as prescribed in the Corporation's by-laws.

## **VIII. QUALIFICATIONS AND DISQUALIFICATION OF A DIRECTOR**

### **8.1 Qualifications of a Director**

- 8.1.1 Ownership of at least one (1) share of the capital stock of the Corporation;
- 8.1.2 A college degree or its equivalent or adequate understanding of the insurance industry or sufficient experience and competence in managing a business to substitute for such formal education;
- 8.1.3 At least twenty-five (25) years old at the time of his election or appointment;
- 8.1.4 Possess integrity, probity and shall be diligent and assiduous in the performance of his functions

### **8.2 Permanent Disqualifications of a Director**

Any of the following shall be a ground for the permanent disqualification of a Director:

- 8.2.1 Any person convicted by final judgment or order of a competent judicial or administrative body of any crime that:
  - i. involves the purchase or sale of securities as defined in the Securities and Regulation Code;
  - ii. arises out of the person's conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and
  - iii. arises out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- 8.2.2 Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or as investment company; or (c) engaging in or continuing any conduct or practice in any of the capacities mentioned above, or willfully violating the laws that govern securities and banking activities;
- 8.2.3 The disqualification shall also apply if such person is currently the subject of an order of the SEC or BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, the Securities Regulation Code or any other law administered by the SEC, or under any rule or regulation issued by the SEC or BSP, or Insurance Commission (IC), or has otherwise been restrained from engaging in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- 8.2.4 Any person finally convicted judicially of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent acts or transgressions;
- 8.2.5 Any person finally found by the SEC, BSP or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any other law administered by the SEC, or any rule, regulation or order of the SEC or BSP or who has filed a materially false or misleading application, report or registration statement required by the SEC , or any rule, regulation or order of the SEC;
- 8.2.6 Any person judicially declared to be insolvent;
- 8.2.7 Any person finally found guilty by final judgment or order by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- 8.2.8 Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and
- 8.2.9 Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

### **8.3 Temporary Disqualifications of a Director**

Any of the following are grounds for temporary disqualification of incumbent directors:

- 8.3.1. Refusal to fully disclose the extent of his business interests or any material information as required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as his refusal persists;
- 8.3.2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his incumbency, or any twelve (12)-month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;
- 8.3.3. Dismissal or termination for cause as Director of any corporation covered by the Corporation Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- 8.3.4. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with;

- 8.3.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final;
- 8.3.6. The temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board. The temporarily disqualified director shall, within sixty (60) business days from such disqualification take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

## **IX. QUALIFICATIONS AND DISQUALIFICATION OF INDEPENDENT DIRECTOR**

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An Independent director shall:

- 9.1 At least a college graduate or shall have been engaged or exposed to the business for at least five (5) years;
- 9.2 Shall possess proven integrity, probity, and independence;
- 9.3 Is not or was not a regular director, officer or employee of the corporation, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his/her election/appointment;
- 9.4 Is not or was not a regular director, officer or employee of the corporation's substantial stockholders and their related companies during the past three (3) years counted from the date of his/her election/appointment;
- 9.5 Is not a stockholder or owner of more than two percent (2%) of the outstanding shares of stock sufficient to elect one (1) seat in the board of directors of the corporation, or in any of its related companies or of its majority corporate shareholders;
- 9.6 Is not a relative by affinity or consanguinity within the fourth (4<sup>th</sup>) degree of any director, officer or majority shareholder of the company or any of its related companies or of any of its substantial stockholders;
- 9.7 Is not acting as a nominee or representative of any director or substantial shareholder of the company, any of its related companies or any of its substantial shareholders;
- 9.8 Is not or was not retained as professional adviser, consultant, agent or counsel of the corporation, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his/her election/appointment;
- 9.9 Is not a securities broker-dealer of listed companies and registered issuers of securities;
- 9.10 Is independent of management and free from any business or other relationships, has not engaged and does not engage in any transaction with the company, or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial

shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;

- 9.11 Is not and was not appointed in the company, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors, in the performance of its duties and responsibilities during the past three (3) years counted from the date of his/her election/appointment;
- 9.12 Is not affiliated with any non-profit organization that receives significant funding from the company or any of its related companies or substantial shareholders;
- 9.13 Is not employed as an executive officer of another company where any of the company's executives serve as regular directors; and
- 9.14 Is not or has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Securities Regulation Code, committed within five (5) years prior to the date of his election.

#### **X. REPLACEMENT OF DIRECTORS IN CASE OF VACANCY**

- 10.1 Any vacancy occurring in the Board of Directors other than the removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose;
- 10.2 A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.