



Reliance

Surety & Insurance Co., Inc.

**MANUAL ON CORPORATE
GOVERNANCE**

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ARTICLE I INTRODUCTION

A. INTRODUCTION

The Board of Directors (the “Board”) and Management, Officers and Staff of Reliance Surety & Insurance Co., Inc. (“RSICI”, “the Corporation”) hereby commit themselves to comply and observe the fundamental principles of sound corporate governance contained in this Manual on Corporate Governance (“Manual”, “MCG”) which are necessary components in the attainment of its corporate goals. We believe that effective corporate governance is essential to the Corporation and establishes an open and transparent framework for delivering insurance products and services to our stakeholders and clients.

This Manual shall serve as a practical guide for the Board in fulfilling their respective roles and responsibilities to serve the best interests of the Corporation. These guidelines are intended to ensure that the members of the board and committees will be better able to review and evaluate the business operations of the group and to make appropriate decisions as needed. The guidelines are not exhaustive and are not intended to change any statutory regulations, the amended By-Laws, or amended Articles of Incorporation.

B. DEFINITION OF TERMS

Article of Incorporation refers to the Articles of Incorporation of the Corporation and all amendments thereto.

Board of Directors refers to the governing body elected by the shareholders that exercises the corporate powers of a corporation, conducts all its business, and controls its properties and who are named as such in the Articles of Incorporation.

Independent Director (ID) is defined as a person who, apart from his fees and shareholdings, is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the company.

Related company refers to (a) the corporation’s holding/parent company; (b) its subsidiary or affiliate; (c) subsidiaries of its holding/parent company; or (d) a corporation where the corporation or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

Securities broker-dealer refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer.

Non-Executive Director (NED) is a director who has no executive responsibility and does not perform any work related to the operations of the company.

Material Information means any information about or involving the Company's affairs, events and conditions that has a significant impact in the Company's operations such as, but not limited to, those relating to the Company's financial condition, prospects and development projects which, when brought to the attention of the public, is reasonably expected to induce or otherwise materially affect the market activity and the market price of the Company's shares.

ARTICLE II THE BOARD'S GOVERNANCE RESPONSIBILITIES

Principle 1: The Board 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 long-term best interests of its shareholders and other stakeholders.

A. BOARD OF DIRECTORS

The Board of Directors is overall responsible for the management of the Corporation's business and shall determine its strategies, policies and guidelines and for monitoring compliance with such policies. The Board shall also ensure that the objectives of RSICI are furthered in accordance with the Corporation's Articles of Incorporation and By-Laws.

1. Composition of the Board

- 1.1. The Board shall be composed of nine (9) members in accordance with the amended By- Laws of the corporation, the majority of which shall be non-executive directors who are elected during each regular stockholders meeting and shall serve for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.
- 1.2. The Board shall adopt a policy on diversity which will aim to achieve a board composition with collective working

knowledge, personal and professional capabilities including business experience and the specific expertise that is relevant to the insurance industry. It shall always ensure that it has an appropriate mix of competence and expertise to enable them remain qualified for their positions individually and collectively and to fulfill its roles and responsibilities to respond to the needs of the organization.

2. Policy on Board Diversity

- 2.1. RSICI is committed to a diverse, inclusive, and equitable environment where all Board members, management and employees feel respected and valued regardless of gender, age, race, ethnicity, nationality, sexual orientation or identity, disability, education, political stand, religious or cultural background, skills, competence or knowledge.
- 2.2. The Board shall ensure that no director or candidate for directorship who are highly qualified and possess the necessary experience and technical expertise, shall be discriminated against the biases as stated above, and that it will make good use of these differences as a whole.
- 2.3. All Board appointments shall be done on merit, in the context of skills as required for the areas of our business operations, and expertise which reflect the company's strategic intent with a view to achieving sustainable and balanced growth.

3. Policy on Training

- 3.1. The Board shall continuously be made aware of the corporation's internal policies and procedures as appropriate, and that all Directors including the management shall receive adequate training so as to be in a position to assess, manage and comply with the relevant developments in the business and regulatory environments including corporate governance matters and to facilitate knowledge and understanding of such laws and regulations.
- 3.2. The training and continuous professional development activities should focus on informing Directors and the management on issues of strategic importance to the Corporation. All Directors including key officers and new and first time directors

are encouraged to attend a program on corporate governance conducted by a training provider duly accredited by the Securities and Exchange Commission and shall take place periodically. The Board shall ensure that there is an allocation of fund for this purposes.

- 3.3. The Corporate Secretary and Chief Compliance Officer shall assist in identifying the educational and training needs of the Board. They shall evaluate the strength and relevance of the existing policies, procedures and training programs on an annual basis, to ensure that they remain effective in securing compliance required standards of performance for Directors. They are also responsible in continually looking for opportunities to ensure that the Directors have the knowledge and skills necessary to meet their obligations to the Corporation.
- 3.4. The Board of Directors shall also assess their training and development needs and advise the Chairman of the Board if they would benefit from specific skills training or education respecting matters falling within the responsibility of the Board or relating to the business and operations of the Corporation.
- 3.5. Directors and key officers required by the Board to attend relevant programs, seminars, and/or workshops under Clause 3.2 above shall provide the Corporate Secretary a copy of his or her certificate of attendance thereof within three (3) business days from completing the same.
- 3.6. The Board, with the assistance of Management, ensures there is an orientation program for new Directors and a development program for existing Directors. The orientation program for the first time Directors is aimed at increasing the new director's familiarity with the Corporation.
- 3.7. Every Director shall receive appropriate orientation when he is first appointed to the Board of Directors, in order to ensure that incoming Directors are appropriately apprised of their duties and responsibilities before beginning their Directorships. The orientation program shall include SEC-mandated topics on Corporation Governance and an introduction to the Corporation's business, Articles of Incorporation, and Code of Business Conduct and Ethics. Likewise, management officers shall receive

appropriate orientation on his duties as a management executive and how to discharge these duties when he is first appointed to the Corporation. This will ensure that incoming senior officers are familiar with the Corporation's business and governance processes.

- 3.8. The Board Secretariat shall keep records of attendance and participation of each Director and key officer on the required training programs, seminars, and/or workshops, as well as the details thereof.

4. Qualification for or Disqualifications from Directorship

4.1. Qualifications of a Director

- a) Ownership of at least one (1) share of the capital stock of the Corporation;
- b) 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;
- c) At least twenty-five (25) years old at the time of his election or appointment;
- d) Possess integrity, probity and shall be diligent and assiduous in the performance of his functions.

4.2. Permanent Disqualifications of a Director

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

- a) 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;
- b) 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;

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;

- c) 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;
- d) 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;

- e) Any person judicially declared to be insolvent;
- f) 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;
- g) 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;
- h) 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.

4.3. Temporary Disqualifications of a Director

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

- a) 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.
- b) 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;
- c) 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;

- d) 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; and
- e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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.

B. Corporate Secretary

1. Qualification

- 1.1. The Corporate Secretary, shall be a Filipino citizen and a resident of the Philippines, is an officer of the Company appointed by the Board. The Corporate Secretary shall be a separate individual from the Compliance Officer, not a member of the Board of Directors and shall annually attend training/s on corporate governance;
- 1.2. The Corporate Secretary must possess appropriate administrative and interpersonal skills, and if he is not the general counsel, must have some legal skills. He/she must also have a working knowledge of the operations of the Company and be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.

2. Duties and Responsibilities of the Corporate Secretary:

- 2.1. To record minutes and transactions of all meetings of the directors and the stockholders and maintain minute books of such meetings in the form and manner required by law;
- 2.2. Responsible for the safekeeping and preservation of the integrity of the Minutes of the Meetings of the Board and its committees as well as the other official records of the Corporation;
- 2.3. To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the Corporation subscribed, issued and transferred;
- 2.4. To keep the corporate seal and affix it to all papers and documents requiring a seal and to attest by his signature all corporate documents requiring the same;
- 2.5. To attend to the giving and serving of all notices of the corporation required by law including notifying the parties concerned of any Stockholders and Board meetings;
- 2.6. Inform the members of the Board, in accordance with the Amended By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 2.7. To certify to such corporate acts, countersign corporate documents or certificates and make reports or statements as may be required of him by law or by government rules and regulations;
- 2.8. To act as inspector at the election of directors and as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity, and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connections with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election;
- 2.9. Advise and assist Directors with respect to their duties and responsibilities;
- 2.10. Ensure that the Corporation complies with its governing legislation and By-Laws;
- 2.11. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the

Corporation, and advise the Board and the Chairman on all relevant issues as they arise;

- 2.12. Work fairly and objectively and contribute to the flow of information between the Board, management and shareholders;
- 2.13. Review the By-Laws as required to ensure their continued adequacy and relevance, and provide recommendations to the Board and Committee on necessary revisions;
- 2.14. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- 2.15. Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- 2.16. Provide proper assistance to the Members of the Board during all Board and Stockholders' meetings while they are in the performance of their duties and responsibilities under the law and the By-Laws;
- 2.17. Assists the directors in attending seminars, training or development programs;
- 2.18. Carry out any other appropriate duties and responsibilities as may be assigned by the Board, Board Chair, Committee, Committee Chair or the President/CEO.

C. Compliance Officer

1. Qualification

- 1.1. To ensure adherence to corporate principles and best practices, there shall be a designated Compliance Officer who shall hold the position of at least a Vice President or an equivalent position with adequate stature and authority in the corporation.
- 1.2. The Chief Compliance Officer's qualifications shall be subject to the applicable provisions of the Insurance Commission, particularly considering fit and proper criteria such as integrity/probity, competence, education, diligence and experience and training.

- 1.3. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend training/s on corporate governance.

2. Duties and Responsibilities of the Compliance Officer:

- 2.1. Monitors, reviews, evaluates and ensures compliance by the Company, its officers, and Directors with the provisions and requirements of this Manual, the relevant laws, rules and regulations and all governance issuances of regulatory agencies;
- 2.2. Ensure the integrity and accuracy of all documentary submissions to the regulators;
- 2.3. Advise and assist the Board of Directors with respect to their duties and responsibilities;
- 2.4. Report, if any violations are found, the matter to the Board and recommend the adoption of measures to prevent a repetition of the violation;
- 2.5. Appear before the Securities and Exchange Commission when summoned in relation to the Company's compliance with regulatory requirements;
- 2.6. Identify possible areas of compliance issues and work towards the resolution of the same;
- 2.7. Provide appropriate guidance and direction to the company on the development, implementation and maintenance of the compliance program;
- 2.8. Ensure the attendance of the Board and key officers to relevant trainings;
- 2.9. Assist the Board and the Corporate Governance, Nomination & Remuneration Committee, if any, in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Corporation, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in this

Manual and the respective charters of the Board Committees, as may be applicable;

- 2.10. Issue an annual certification to the IC on the extent of the Company's compliance with this Manual;
- 2.11. Provide the Commission every 30th day of January the Certificate of Attendance of Directors in meetings of directors to be signed by the Corporate Secretary, and countersigned by the Chairman of the Board of Directors;
- 2.12. Carry out any other appropriate duties and responsibilities as may be assigned by the Board, Board Chair, Committee, Committee Chair or the CEO and as may be provided by the Securities and Exchange Commission (SEC).

ARTICLE

III

ROLES AND RESPONSIBILITIES OF THE BOARD

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Corporation'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.

A. General Responsibilities of the Board of Directors

The Board of Directors shall:

1. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders in a manner characterized by transparency, accountability, and fairness. The Board shall exercise leadership, prudence, and integrity in directing the Corporation towards its corporate goals;
2. Foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives, for the best interest of the Company, its stockholders and other stakeholders;
3. Formulate, review, oversee, approve and monitor the implementation of RSICI's vision, mission, strategic objectives, policies and procedures that shall guide its activities in order to sustain the company's long-term viability and strength;

4. Oversee the implementation of a risk governance framework, the system of checks and balances, and the establishment of a sound corporate governance framework;
5. Approve the selection of and assess the performance of the Management led by the President or Chief Executive Officer (CEO) and the heads of the other control functions including the Chief Risk Officer (CRO), Chief Compliance Officer and Chief Audit Executive (CAE). Further, the Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer and other personnel's performance is at par with the standard set by the Board and Senior Management;
6. Keep board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulations.

B. Specific Duties and Responsibilities of the Board

The Board of Directors shall:

1. Adopt a Code of Business Conduct and Ethics and ensure the proper and efficient implementation and monitoring, while providing standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company;
2. Adopt and implement a policy for the nomination and selection of directors who can add value and contribute independent judgement to the formulation of sound corporate strategies and ensure diversity in board composition in terms of knowledge, expertise and experience;
3. Ensure there is a corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans, corporate performance objectives, and oversee major capital expenditures, acquisitions and divestitures;
4. Ensure and maintain an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, and regulations and contracts;

5. Ensure and oversee the implementation of a group-wide policy and system governing Related Party transactions (RPTs) and other unusual or infrequently occurring transactions. The policy shall include, among others, the appropriate review and approval of material or significant RPTs which guarantee fairness and transparency of the transactions and taking into account the size, structure, risk profile and complexity of operations;
6. Ensure that the company has in place a sound Enterprise Risk Management (ERM) framework to effectively identify, monitor, assess and manage key business risks associated with RSICI's objectives and implement appropriate strategies, systems and programs to manage these risks;
7. Review the company's human resources policies and conflict of interest situations, including the selection and appointment of qualified and competent management officers;
8. Oversee the adoption of an effective succession planning and professional development program which includes a policy on the retirement age, to ensure growth and a continued increase in the shareholders' value;
9. Formulate and adopt a remuneration policy specifying the relationship between remuneration and performance of employees and Management that consider, among others, the level of remuneration as commensurate to the responsibilities of the role. The Board shall ensure that no director shall participate in discussions or deliberations involving his own remuneration;
10. Encourage environmental concern, sustainability and social responsibility among shareholders, stakeholders and employees. The corporate governance proactive culture begins at the Board level.
11. Motivate the Corporation to participate in domestic or regional corporate governance forums, conferences, fellowships, initiatives, such as, corporate governance scorecards, as an instrument to raise corporate governance policies and practices and ensure that these remains relevant and updated;
12. Ensure that the Company is properly and effectively managed and supervised by ensuring that Management actively manages and operates the Company in a sound and prudent manner;
13. Properly discharge Board functions by meeting at such times or frequency as may be needed. Independent views during Board meetings should be encouraged and given due consideration and all such meetings shall have a minutes of the meeting;

14. Ensure that RSICI complies and operates at all times within the applicable laws and regulations, and to the highest ethical and moral standards;
15. Adopt and preserve a system of checks and balances as well as regular review to ensure effectiveness and integrity of the decision making and reporting process at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness;
16. Approve financial reports and annual financial statements, and approve their release by Management;
17. Approve the appointment of Independent Auditors, in accordance with the recommendation of the Audit Committee;
18. Establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities while taking into account the optimal mix of skills and experience to allow the committee members to fully understand, be critical and objectively evaluate the issues;
19. Ensure that established committees maintain appropriate records (e.g., minutes of meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions;
20. Assess and conduct at least annually, the Board performance and effectiveness as a body, as well as its various committees, the chief executive officer, the individual directors, and the company itself; regularly review the composition of the board in view of having a balanced membership;
21. Approve, review and update at least annually or whenever there are new policies or material amendments to existing corporate policies, the respective charters of each committee or other documents that set out its mandate, scope and working procedures and implement such significant changes therein;
22. Establish and maintain transparent corporate disclosure policies and procedures to ensure that shareholders and other stakeholders are kept informed of important developments of the company's financial condition, results and business operation;

23. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, which may involve the submission of such conflict to mediation pursuant to the Alternative Dispute Resolution Act of the Philippines and to arbitration in accordance with the Philippine Arbitration Law.

C. Specific Duties and Responsibilities of a Director

A Director shall endeavor to act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained stability and progress.

A Director should observe the following norms of conduct:

1. To remain fit and proper for the position for the duration of his term. A director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the company is engaged in or intends to pursue as well as the developments in the insurance industry including regulatory changes through continuing education or training;
2. To conduct fair business transactions with the company and to ensure that personal interest or that of his colleagues does not bias board decisions. Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institution cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that would compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a Director, he should fully and immediately disclose it and should not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position;

3. To act honestly and in good faith with loyalty and in the best interest of the company, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public. A director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances. While a director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interests of other stakeholders;
4. To devote time and attention necessary to properly discharge their duties and responsibilities. Directors should devote sufficient time to familiarize themselves with the company's business. They must be constantly aware of the company's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board;
5. To act judiciously after thorough consideration of all aspect of each matter for resolution. Before deciding on any matter brought before the Board of Directors, every director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary;
6. To contribute significantly to the decision-making process of the board. Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of such board;
7. To exercise independent judgment. A director should view each problem or situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he should support plans and ideas that he thinks will be beneficial to the Company;
8. To have a working knowledge of the statutory and regulatory requirements affecting the company, including the contents of its Amended Articles of Incorporation and Amended By-Laws, the requirements of the IC, SEC and where applicable, the requirements of other regulatory agencies. A director should also keep himself informed of the industry developments and business trends in order to safeguard the company's competitiveness; and

9. To observe confidentiality. Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. Directors should not reveal confidential information to unauthorized persons without the authority of the Board.

D. Chairman of the Board

1. The Board shall be headed by a competent and qualified Chairman. The Chairman of the Board shall, when present, preside at all meetings of the Board. He must provide leadership and ensure effective functioning of the Board, including maintaining a relationship of trust with Board members.
2. As needed or in accordance with applicable regulations, the roles of Chairman and the CEO may be separated in order to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the roles of the Chairman and CEO.
3. If the roles of Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.
4. In the absence, inability, or incapacity of the Chairman, the Vice-Chairman shall preside. In the absence, inability, or incapacity of both the Chairman and Vice-Chairman, the President shall preside.
5. Responsibilities of the Chairman of the Board of Directors, include, among others the following:
 - 5.1. To call, convene and preside over all meetings of the Board of Directors whenever he may deem it necessary, either on his own initiative, or upon the request of the President, or two members of the Board and the stockholders in accordance with the Amended By-Laws;
 - 5.2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors;
 - 5.3. To provide leadership in the board of directors. The chairperson of the board shall ensure effective functioning of the board, including maintaining a relationship of trust with board members;

- 5.4. To ensure that the board takes an informed decision. The chairperson of the board shall ensure a sound decision making process and he should encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process;
- 5.5. Maintain qualitative and timely lines of communication and information between the Board and Management;
- 5.6. Assist in ensuring compliance with the Company's guidelines on corporate governance; and
- 5.7. Perform such other functions as are assigned to him by law or by the Board of Directors.

E. Policy on Succession Planning

1. The Board shall ensure an effective succession planning for its directors, key officers and management. This is to ensure the stability and accountability of the Corporation for an eventual permanent change in leadership, either planned or unplanned, and to ensure continuity support in operation and service.
2. Retirement age for directors shall be seventy-five (75) years old. The Board may, however, amend this policy, as it may deem appropriate, taking into consideration local and global trends and practices, stature and strong qualifications of a director. Meanwhile, the retirement age for Management shall follow the compulsory retirement age prescribed under the Labor Code of the Philippines.
3. The succession planning process for the key officers and management includes the following:
 - 3.1. The human resource department shall periodically review and consider the list of the key officers and management personnel that are due for retirement/attrition within the year. HR department shall also consider the new vacancies that may arise in accordance with the strategic business plan of the Corporation;
 - 3.2. The HR department shall:
 - 3.2.1. assess and evaluate the availability of suitable candidates and the incumbent after considering all relevant qualification criteria and recommend to the Board whether

the concerned personnel (i) be granted an extension in term/service or (ii) be replaced with an identified internal or external candidates;

- 3.2.2. identify the competency requirements of key positions, assess potential candidates and develop required competency through training development and learning initiatives. The HR department may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.
- 3.2.3. May recommend to the Corporate Governance, Nomination and Remuneration Committee to appoint other suitable external candidate(s), Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the concerned officer to ensure the smooth transition.
- 3.3. The regular internal promotion/transfer shall be governed by the promotion/transfer policy of the Company. Said policy shall be designed in such a way that the existing/proposed key managerial personnel shall get well-rounded exposures in various departments to facilitate career progression, prepare them for administrative responsibilities and to discharge their functions effectively in key senior positions.
- 3.4. The President/CEO and HR Department shall from time to time identify high-potential employees who merit faster career progression to positions of higher responsibility and formulate, administer, monitor & review the process of skill development and identify the training requirements.
- 3.5. In the event of any vacancy in the management team, the next person senior to the vacated position, in accordance with the corporation organization chart/hierarchy, shall take interim charge of the position, pending a regular appointment in terms of the succession plan.
- 3.6. In the event of vacancy of the President/CEO position, the Board shall take interim charge of the position until the Board appoints a new President/CEO.

4. The Corporate Governance, Nomination & Remuneration Committee shall review and modify the policy as deem necessary and shall present any action and decision to the Board.

F. Policy on Board Remuneration

1. In accordance with RSICI's By-Laws, the Board shall receive, pursuant to the approval of the shareholders, a reasonable per diem allowance for his attendance at each meeting of the Board. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholder;
2. The executive director shall not receive per diem remuneration in addition to his remuneration as part of the Corporation's Management in his role as the President and CEO;
3. Directors shall not participate in discussions or deliberations involving his/her own remuneration.
4. The compensation of the CEO and other Officers shall be subject to review and approval by the Board. Equity-based plans and long-term incentive plans for Officers which the Corporate Governance, Nomination and Remuneration Committee may recommend shall be subject to review and approval by the Board and, as applicable, stockholders' approval.

G. Board Nomination and Election Policy

1. Board Nomination
 - 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 Thursday of the First Week of May of each year.
 - 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.

- 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 A.4.1 of this Manual.
- 1.4. The Committee shall ensure that only those qualified nominees who possess all the qualifications and none of the disqualifications from directorship as provided in the Article II, Section A.4 in this manual, may be shortlisted to be elected to the Board.
- 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 the shareholders' meeting. Only nominees whose names appear on the final list shall be recommended to be eligible for election.
- 1.6. No other nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.

2. Election of Directors

- 2.1. In accordance with the Corporate By-Laws, a new set of directors shall be elected annually by the stockholders during its annual meeting to fill up Nine (9) seats in the Board.
- 2.2. Each outstanding share of stock entitles the registered shareholder to one vote. The elections shall be held by ballot and will be by plurality of votes, and every shareholder will be entitled to cumulate his votes.
- 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.
- 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.
- 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 RSICl website.

3. Election of Independent Director/s

- 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;
 - 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.
4. Replacement of Directors in case of Vacancy
- 4.1. 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. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.
 - 4.2. 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.

H. Policy on Related Party Transactions (RPT)

1. **Related party transactions** are transactions or dealings with related parties, regardless of whether or not a price or payment is charged. This shall also include transactions entered with a formerly unrelated party which subsequently becomes a related party.
2. **Related Parties** shall mean the Corporation and its controlling shareholders, joint ventures, subsidiaries, associates, affiliates, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board. Parties are considered to be related to the Corporation if it

has the ability, directly or indirectly, to control the Corporation or exercise significant influence over the Corporation in making financial and operating decisions, or vice versa, or where the Corporation and the party are subject to common control or common significant influence.

3. Among other key terms, RSICI policy on RPTs provides for:
 - 3.1. Coverage of RPT policy;
 - 3.2. Guideline in Ensuring Arm's Length Terms;
 - 3.3. Conflict of Interest & Whistle Blowing;
 - 3.4. Materiality thresholds and excluded transaction;
 - 3.5. Internal limits for individual and aggregate exposures;
 - 3.6. Restitution of losses and other remedies for abusive RPTs;
 - 3.7. Approval of RPTs; and
 - 3.8. Disclosure and Regulatory Reporting.
4. RSICI institutionalizes a policy on related party transactions to ensure that such transactions are undertaken only on an arm's length basis and subjected to appropriate oversight of the Board and Audit & RPT committee so as to protect the Corporation from conflicts of interest which may arise from its transactions with its Related Parties. The RPT policy adopts the definitions and coverage of Insurance Commission (IC) guidelines on RPTs for IC's covered institutions and other pertinent regulatory bodies.
5. For purposes of transparency and compliance with regulations, proper disclosure of the Corporation's RPTs shall be in accordance with the disclosure rules and applicable filings of the Insurance Commission. The disclosure includes, but is not limited to, the name of the related party, relationship with the corporation for each RPT, the nature and value for each RPT.

I. Governance Policy on Conflict of Interest

The personal interest of directors and officers should never prevail over the interest of the Corporation. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their positions in the Corporation. They must promote the common interest of all shareholders, including minority shareholders and other stakeholders, and the Corporation, without regard to their own personal and selfish interests.

1. A conflict of interest exists when a director or an officer of the Corporation:
 - 1.1. Supplies or is attempting or applying to supply goods or services to the Corporation;

- 1.2. Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation;
 - 1.3. By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation;
 - 1.4. If offered or receives consideration for delivering the Corporation's business to a third party;
 - 1.5. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation
2. If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision making. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.
- 2.1. A contract of the Corporation with one or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:
 - 2.1.1. The presence of such director in the Board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
 - 2.1.2. The vote of such director was not necessary for the approval of the contract;
 - 2.1.3. The contract is fair and reasonable under the circumstances; and
 - 2.1.4. In case of an officer, the contract has been previously approved by the Board of Directors.
 - 2.2. In the case of a contract with a director, such contract may be ratified by the vote of shareholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

3. Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the shareholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the director risked his own funds in the venture.
4. A Director or Officer shall not disclose, reveal, or share, by whatever means or method, to any person or entity, any information especially all vital and/or confidential information it has learned, obtained, or acquired in any manner by reason of, and in the course of, performing the whole or any portion of his obligation and duties as Director or Officer without the prior written consent of the Corporation.

ARTICLE IV BOARD COMMITTEES

Principle 3: The 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.

A. Establishment of Board Committees

The Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities, in accordance with the By-Laws of the Corporation and to aid in good governance.

All established committees shall have committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The charters shall provide the standards for evaluating the performance of the committees. It shall also be fully disclosed in the Corporation's website.

B. Audit & Related Party Transactions Committee

1. Purpose & Composition of the Committee

- 1.1. The Audit and Related Party Transactions (RPT) Committee shall be established as a committee of the company's board of directors to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, compliance with applicable laws and regulations and review all material related party transactions of the company;
- 1.2. The Audit and RPT Committee shall be composed of at least three (3) members of the Board, and no more than five members, all of whom shall be non-executive directors of the Company;
- 1.3. The Chairman of the Committee shall be independent and must not be the Chairman of the Board or of any other committee;
- 1.4. All members of the committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

2. Duties and Responsibilities of the Committee

- 2.1. 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 or the external or internal auditors in order to discharge its duties and functions.
- 2.2. The committee shall maintain all the minutes of the committee meetings and periodically report to the Board of Directors on significant matters related to the Committee's responsibilities. Minutes of the Committee meetings shall be kept and members shall be furnished copies thereof and any action taken or resolution decided.
- 2.3. Audit
 - 2.3.1. The Committee shall have the power to conduct or authorize investigations into any matters within its scope of responsibilities, and shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the

compensation for any advisors employed by the Committee, and to communicate directly with the internal and external auditors. The Committee is further authorized to seek any information it requires from any employee of RSICI in order to perform its duties.

- 2.3.2. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring or compliance with applicable laws, rules and regulations;
- 2.3.3. Assist the Board in fulfilling its responsibilities with regard to the integrity of the financial statements, the organization of the compliance function and the monitoring of compliance with legal and regulatory requirements, the appropriateness of the internal controls, the effectiveness of the risk management system, the external auditor's qualifications and independence, and the performance of the external auditor and the internal audit function;
- 2.3.4. Review and approve the annual internal audit plan including scope and resources, and any amendment(s) to such plan(s) and evaluate the conclusion of the reports from the internal audit reviews and to ensure its conformity with the objectives of the Corporation;
- 2.3.5. Review the quarterly, half-year and annual financial statements reports before submission to the Board and to pertinent regulatory body, with particular focus on the following matters: (i) any change/s in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from the audit; (iv) going concern assumptions; (v) compliance with accounting standards; and (vi) compliance with tax, legal and regulatory requirements;
- 2.3.6. Evaluate and determine the non-audit work of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict

with his duties as an external auditor or may pose a threat to his independence;

- 2.3.7. Establish and identify the reporting line of the Internal Auditor to enable them to properly fulfill their duties and responsibilities. The Audit and RPT Committee shall ensure that in the performance of the work of the Internal Auditor, they shall be free from interference by outside parties;
- 2.3.8. Periodically review the status of any legal matters that could have a significant impact on the Company's financial statements;
- 2.3.9. Ensure that RSICI has appropriate procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters; and
- 2.3.10. Review the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, including review of ethical, anti-bribery & corruption and whistleblowing guidelines.

2.4. Related Party Transactions (RPT)

- 2.4.1. Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- 2.4.2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) with such Related Parties than similar transactions with non-Related Parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may

arise as a result of or in connection with the transactions. In evaluating RPTs, the committee takes into account, among others, the following:

- The related party's relationship to the Company and interest in the transactions;
- The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- The benefits to the Company of the proposed RPT;
- The availability of other sources of comparable products or services; and
- An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

- 2.4.3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- 2.4.4. Report to the board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties;
- 2.4.5. Ensure that transactions with Related Parties, including write-off of exposures, are subject to periodic independent review or audit process;
- 2.4.6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures;

- 2.4.7. Assist the Board in assessing material agreements of any kind with a related party in determining whether to approve, ratify, disapprove or reject a Related Party Transaction:
- 2.4.8. Evaluate any matters as may be requested by the Board or the Management; and
- 2.4.9. The Committee shall take into account whether the RPT is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances.

C. Corporate Governance, Nomination and Remuneration Committee

1. Purpose & Composition of the Committee

- 1.1. The Corporate Governance, Nomination & Remuneration Committee shall be established as a committee of the Company's Board of Directors 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.
- 1.2. The Committee shall comprise of at least three (3) and no more than five members, majority of whom should be independent directors.
- 1.3. The Chairman of the Committee shall be an independent director.
- 1.4. 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.

2. Duties and Responsibilities of the Committee

- 2.1. 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 in order to discharge its duties and functions;
- 2.2. Governance
 - 2.2.1. 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;

- 2.2.2. Oversees the periodic performance evaluation of the Board and its committees and conducts an annual self-evaluation of its performance;
- 2.2.3. 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;
- 2.2.4. Recommends continuing education and/or training programs for directors, succession plan for board members and management; and
- 2.2.5. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.

2.3. Nomination

- 2.3.1. Review and assess the effectiveness of the Board's processes and procedures in the nomination, election or replacement of directors on an annual basis;
- 2.3.2. Carry out basic checks of a potential director's standing, including details of any conflicts of interest, criminal record or regulatory sanctions;
- 2.3.3. 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;
- 2.3.4. 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;
- 2.3.5. 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;

- 2.3.6. 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;
- 2.3.7. Reviews and revises the succession plans for members of the Board and management and 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
- 2.3.8. 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.

2.4. Remuneration

- 2.4.1. 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;
 - 2.4.2. Oversee 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;
 - 2.4.3. Review and assess the remuneration and at-risk reward and remuneration policy;
 - 2.4.4. Oversee and monitor the executive succession planning framework and compliance with statutory remuneration reporting disclosures.
- 2.5. 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;

- 2.6. 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;
- 2.7. The Committee shall also maintain minutes of meetings and periodically report to the Board of Directors on significant matters related to the Committee's responsibilities; and
- 2.8. The committee shall 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.

D. Board Risk Oversight Committee (BROC)

1. Purpose & Composition of the Committee

- 1.1. The role of the BROC is to oversee the establishment of an Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The enterprise risk management framework shall guide the Board in identifying unit/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The BROC shall be responsible for defining the Corporation's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control, or manage risks or possible threats to its operational and financial viability.
- 1.2. The Board Risk Oversight Committee shall be composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman.
- 1.3. The Chairman of the BROC shall not be the Chairman of the Board or any of other committee.
- 1.4. At least one member of the committee must have relevant knowledge and experience on risk and risk management.

2. Duties and Responsibilities of the Committee

The BROC shall have the following functions:

- 2.1. 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;
- 2.2. Minutes of the Committee meetings shall be kept and members shall be furnished copies thereof and any action taken or resolution decided;
- 2.3. Oversee the development and implementation of a formal ERM Plan that contains the following elements:
 - 2.3.1. Common language or register of risks;
 - 2.3.2. Well-defined risk management goals, objectives and oversight;
 - 2.3.3. Uniform process of identifying, assessing, evaluating and measuring risks as well developing strategies to manage and mitigate prioritized risks;
 - 2.3.4. Designing and implementing risk management strategies; and
 - 2.3.5. Continuing assessments and monitoring to improve risk strategies, processes and measures.
- 2.4. Evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that may seriously impact the likelihood of harm or loss;
- 2.5. Review the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and occurrence of major events that may have a major impact on RSICI;
- 2.6. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and impact the performance and stability of the Corporation and its Stakeholders;
- 2.7. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on

risk exposures and risk management activities from Management;
and

- 2.8. Report to the Board on a regular basis, or as deemed necessary, the Corporation's risk, material risk exposures, the actions taken to reduce the risks, and recommend appetite levels, risk tolerance limits, further action or plans, as necessary.

E. Committee Charters

All established committees shall have committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The charters shall provide the standards for evaluating the performance of the committees. It shall also be fully disclosed in the Corporation's website.

ARTICLE V FOSTERING COMMITMENT

Principle 4: To show full commitment to the Corporation, 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.

A. Board Meetings and Quorum Requirements

1. Meetings

1.1. The Board shall have annual regular meetings to be held after the annual stockholders' meetings and the regular meetings of the Board of Directors shall be held once a month on such dates and places as may be called by the Chairman of the Board or upon request of a majority of the Board of Directors in accordance with the By-Laws.

1.2. The Board Committees shall meet at least four (4) times per annum and more frequently as deemed necessary by the respective chairpersons of the Committees or at the request of a Committee member.

2. Notice of the Meeting

2.1. Notice of the regular or special meeting of the Board, specifying the date, time, and place of the meeting, shall be communicated by the Corporate Secretary to each director personally, or by telephone, telegram, or by written message prior to each meeting. A director may waive this requirement, either expressly or impliedly.

- 2.2. The agenda of the meeting and other relevant meeting materials shall also be furnished to the Directors prior to each meeting in order for the director to review meeting materials;
- 2.3. Unless otherwise agreed, the notice of each committee 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. Quorum

- 3.1. A majority of the number of directors as fixed in the Articles of Incorporation shall be necessary at all meetings to constitute a quorum for the transaction of any corporate business and every decision. At least a majority of the Directors shall be present at a meeting, except when justifiable causes prevent his attendance, and where there is a quorum such transaction shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members. Justifiable causes include, but are not limited to, grave illness, death of an immediate family member, or serious accident.
- 3.2. 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. The quorum necessary for the transaction of business shall be two members.
- 3.3. In any meeting of the Board, an Independent Director should always be in attendance to promote transparency. However, unless otherwise provided in the By- Laws, the absence of an Independent Director shall not affect the quorum requirement.

4. Conduct of the Meeting

- 4.1. The members of the Board should attend its regular and special 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. During the Board and Committee meetings, the director shall ask the necessary questions or seek clarifications and explanations.

- 4.2. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director appointed by the Board. The Corporate secretary shall act as secretary of every meeting. If not present, the Chairman of the meeting shall appoint a secretary of the meeting.

B. Policy on Multiple Board Seats

1. The Board shall consider guidelines on the number of directorship for its members. Such guidelines should be subject to exceptions in a few cases. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.
 - 1.1. Non-executive directors concurrently serve as directors to a maximum of five (5) 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.
 - 1.2. In general, however, the CEO and other executive directors shall submit themselves to a low indicative limit of three memberships in other corporate boards. The same low limit shall apply to non-executive directors who serve as full-time executives in other corporations. There can be a higher indicative limit of seven for other directors who hold non-executive positions in a corporation.
2. Any limitation in the number of directorships outside of the Corporation shall not include directorships in the Corporation's subsidiaries, affiliates, parent company, and affiliates and subsidiaries of such parent company.

C. Notification of Directorship

The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.

ARTICLE VI BOARD INDEPENDENCE

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

A. Independent Director (ID)

1. Composition

- 1.1. The Board shall also have at least two (2) independent directors and/or twenty percent (20%) of the total number of the members of the Board.

2. Term Limit

- 2.1. The independent directors shall only serve for a maximum cumulative term of nine (9) years;
- 2.2. An ID who served the maximum period shall be perpetually barred from any re-election;
- 2.3. In the instance that the Board decides to retain the independent director in the same capacity who had already served his/her maximum term limit, the Board shall submit to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.

3. Qualifications and Disqualifications of Independent Directors

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:

- 3.1. At least a college graduate or shall have been engaged or exposed to the business for at least five (5) years;
- 3.2. Shall possess proven integrity, probity, and independence;
- 3.3. 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;
- 3.4. 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;

- 3.5. 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;
- 3.6. Is not a relative by affinity or consanguinity within the fourth (4th) degree of any director, officer or majority shareholder of the company or any of its related companies or of any of its substantial stockholders;
- 3.7. 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;
- 3.8. 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;
- 3.9. Is not a securities broker-dealer of listed companies and registered issuers of securities;
- 3.10. 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;
- 3.11. 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;

- 3.12. Is not affiliated with any non-profit organization that receives significant funding from the company or any of its related companies or substantial shareholders;
- 3.13. Is not employed as an executive officer of another company where any of the company's executives serves as regular directors; and
- 3.14. 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.

B. President/Chief Executive Officer (CEO)

1. The position of Chairman of the Board and President and CEO shall be held by separate individuals who are not related to each other, and each shall have clearly defined responsibilities.
2. In accordance with the Corporation By-Laws, the President shall be the CEO which is subject to the control of the Board, have direct charge of the business and general supervision of the business affairs and property of the Corporation, and over its employees and officers.
3. Minimum internal control mechanisms for Management's operational responsibility shall center on the President and CEO, being ultimately accountable for the Corporation's organizational and procedural controls. In addition to the duties imposed on the President and CEO by the Board of Directors, the President and CEO shall:
 - 3.1. Preside at the meetings of the Stockholders;
 - 3.2. Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any change in relation to the same;
 - 3.3. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
 - 3.4. To implement the administrative and operational policies of the corporation under his supervision and control;
 - 3.5. Direct, evaluate and guide the work of key officers of the Corporation;

- 3.6. To appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries
- 3.7. To oversee the preparation of the budgets and the statements of accounts of the corporation;
- 3.8. To make reports to the Board of Directors and stockholders;
- 3.9. Exercise general care, management and administration of the business operations of the Corporation. He shall ensure that: (a) the business and affairs are managed in a sound and prudent manner; and (b) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts;
- 3.10. Provide leadership for management in determining, developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the corporation's performance, financial condition, results of operations and prospects on a regular basis;
- 3.11. To represent the corporation at all functions and proceedings;
- 3.12. To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors; and
- 3.13. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

C. Lead Independent Director

1. The Board shall appoint, from among the independent directors who are not officers or employees of the Corporation or of an affiliate of the Corporation, a lead independent director when the roles of the Chairman of the Board and President/Chief Executive Officer are combined and held by a single person;
2. The Lead Director shall have the following functions:
 - 2.1. If the Chairman of the Board is absent or is unable or refuses to act at a meeting of the board, the Lead Director (if one is appointed) shall preside at the meeting;

- 2.2. The Lead Director shall have such other powers and perform such other duties as may be assigned or delegated by the board from time to time or as may be assigned or delegated by the Chairman of the board.

D. Material Interest of Directors

A director with a material interest in any transaction affecting the Corporation should abstain from taking part in the deliberations for the same. Directors who willfully and knowingly vote or consent to patently unlawful acts of the Corporation or who are guilty of gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Corporation, its shareholders and other persons.

When a director attempts to acquire or acquires, in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation

E. Non-Executive Directors Meetings

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; and
2. The meetings should be chaired by the lead independent director.

ARTICLE VII BOARD PERFORMANCE ASSESSMENT

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.

A. Board Annual Self-Assessment

1. The Board shall conduct an annual performance assessment of the board members and key officers. Each Director shall conduct a self-assessment on the individual and collective performance of each member of the board and board committees and also evaluate the performance of the President/CEO and management heads.

2. The Compliance Officer shall prepare and periodically review the assessment forms in accordance with the following assessment criteria: (1) compliance with best governance practices and principles; (2) participation and contribution to the Board and committee meetings; and (3) performance of their duties and responsibilities as provided in this Manual, Board and Committee Charters, Amended Articles, and Amended By-Laws.
3. Every three (3) years, the conduct of the Board performance assessment shall be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.
4. The Board shall ensure a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees allows for a feedback mechanism from the shareholders.

ARTICLE VIII BOARD ETHICS

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders

A. Code of Business Conduct and Ethics

1. The Board shall develop, adopt and maintain a Code of Business Conduct and Ethics (referred here the “Code”), 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;
2. Board shall ensure that the Code is properly disseminated to the Board, senior management and employees. A copy of the Code shall be disclosed and made available to the public through the company website;
3. Board ensures the proper and efficient implementation and monitoring of compliance with the Code and internal policies.

ARTICLE IX 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.

A. Disclosure Policy

1. **General Disclosure Policy.** The corporate disclosure policies and procedures ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of the company's financial condition, results and business operations. RSICI shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and stakeholders. Such other information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of Directors and changes to ownership.
2. Public Information shall mean information, access to which is not restricted in any way, and the disclosure of which is required under the Corporation Code, the Securities Regulation Code and other applicable and relevant laws and regulations and includes: (i) Articles of incorporation as amended; (ii) corporate governance (iii) Annual accounting statements; (iv) Annual report if available.
3. Board shall ensure that all material or information disclosed are approved and released through proper channel and form.
4. The Board of Directors has the right and the responsibility to disclose information to the public, and to monitor, supervise, and develop the disclosure policy.
5. **Financial Information:** All financial information shall be disclosed, reviewed and approved in accordance with the principles of transparency, integrity and fairness, to ensure that they are prepared, audited and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure and audit.
6. **Remuneration Matter.** In accordance with the RSICI's amended By-Laws under Article IX, Section 5, the compensation of the directors for attending the meetings of the Board shall be determined by the stockholders;

7. **RPT Disclosure Policy.** The Corporation's RPTs shall also be disclosed in its financial statements and annual reports including, but not limited to, the ACGR. The disclosure includes, but is not limited to, the name of the related party, relationship with the corporation for each RPT, and the nature and value of each RPT. For purposes of transparency and compliance with regulations, proper disclosure of the Corporation's RPTs shall be in accordance with the disclosure rules and applicable filings of the Insurance Commission.
8. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.
9. The Corporation, its Directors, key officers and employees shall not communicate material non-public information about and involving the corporation, including any act, transaction, development or event unless the corporation is ready to simultaneously disclose the material non-public information to the regulatory bodies having jurisdiction. Persons who have illegally acquired the corporation's Confidential Information shall reimburse the corporation for any losses incurred. The same shall apply to the employees of the corporation who have disclosed Confidential Information in violation of their employment contracts, and to any other contracting parties disclosing such information in violation of their contractual agreement.

B. Communication of this Manual

This Manual shall be submitted to the Insurance Commission and other relevant regulators and be made available on the Corporation's website. It shall also be available for inspection by any shareholder of the Corporation at its principal office during reasonable hours on a business day.

ARTICLE X EXTERNAL AUDIT

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.

A. External Auditor

1. The Board, through the Audit and Related Party Transactions Committee shall:
 - 1.1. have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor;
 - 1.2. shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented;
 - 1.3. Ensure the rotation of the lead engagement partner of the external auditor at least once every five (5) years, or earlier and consider whether there should be regular rotation of the audit firm itself;
 - 1.4. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an External Auditor shall be reported in the Corporation's annual and current reports including the nature of non-audit services performed by its external auditor, as applicable.
 - 1.5. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, as well as financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.
 - 1.6. If an external auditor believes that the statements made in the Corporation's annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

2. The External Auditor shall:
 - 2.1. perform fair audits independently from the Corporation, its Management and controlling shareholders, so that shareholders and other users may maintain confidence in the Corporation's accounting information;
 - 2.2. review the adoption of the applicable reporting framework as well as the assessment of the accuracy, adequacy, and reliability of accounting records and financial reports and demand correction, if necessary;
 - 2.3. attend the Annual Stockholders' Meetings and answer any questions on audit reports and on themselves, their work and their remuneration; and
 - 2.4. perform such other functions as may be approved by the Board in its engagement of the auditor provided, however, that non-audit work shall not be in conflict with the functions of the auditor as External Auditor.

ARTICLE XI NON-FINANCIAL AND SUSTAINABILITY REPORTING

Principle 10: RSICI should ensure that the material and reportable non-financial and sustainability issues are disclosed.

The Board shall adopt a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of the Corporation's business, which underpin sustainability. The Board shall also encourage the Corporation to adopt a globally recognized standard or framework in reporting sustainability and non-financial issues alongside its respective annual report.

ARTICLE XII COMMUNICATION CHANNEL

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.

A. Corporate Website

The website is RSICI's channel for the comprehensive, transparent and cost-efficient communication, and timely manner of dissemination of information to the public. The existing website of the Corporation has relevant information

about the corporation's financial disclosures and corporate governance policies. The Corporation may also use other available media channels to extend communication to stakeholders, upon approval by the Board and as applicable.

ARTICLE XIII

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

Principle 12: To ensure 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.

A. Internal Control System

RSICI shall develop and maintain an adequate and effective internal control system and enterprise risk management framework in the conduct of its business.

Internal control is a process designed and effected by the Board of Directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, rules, supervisory requirements, and the organization's policies and procedures.

B. Internal Audit

1. Internal Audit is an independent, objective assurance and consulting function established to examine, evaluate and improve the effectiveness of the company's operations. An effective and efficient internal audit function assesses and complements operational management, risk management, compliance and other control functions.
2. The head of the internal audit function, the Chief Audit Executive (CAE), shall be appointed/re-appointed or replaced with prior approval of the Audit and Related Party Transactions Committee. The CAE shall preferably be a Certified Public Accountant and/or a Certified Internal Auditor and shall report to the Audit and RPT Committee of the Board of Directors. He/she shall perform his/her auditing functions faithfully by maintaining independence from the Management and controlling shareholders
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.
4. Duties of CAE includes:

- 4.1. review, at least annually, the internal audit charter and present it to the senior management and the Audit and RPT Committee for approval;
- 4.2. To demonstrate appropriate leadership and have the necessary skills to fulfill his responsibilities for maintaining the unit's independence and objectivity;
- 4.3. To be accountable to the Board of Directors or audit committee on all matters related to the performance of its mandate as provided in the internal audit charter. The CAE shall submit a report to the Audit and RPT Committee or to the Board, on the status of accomplishment of the internal audit unit, including findings noted during the conduct of internal audit as well as status of compliance of concerned departments or units;
- 4.4. To ensure that the internal audit function complies with sound internal auditing standards such as the Institute of Internal Auditors' International Standards on Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies, as well as with the relevant code of ethics;
- 4.5. To develop a risk-based-audit plan, including policies and procedures based on robust risk assessment to determine the priorities of the internal audit activity, consistent with the organization's goals, including inputs from the Board of Directors, Audit and RPT Committee and senior management and ensure that such plan is comprehensive and adequately covers regulatory matters. The CAE shall also ensure that the audit plan, including any revisions thereto, shall be approved by the Audit and RPT Committee;
- 4.6. To spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- 4.7. To report periodically to the Audit and RPT Committee on the internal audit activity's performance relative to its plan; and
- 4.8. To present the findings and information to the Audit and RPT Committee and give advice to senior management and the Board on how to improve internal processes.

C. Risk Management System

1. The Board Risk Oversight Committee shall have oversight over the Corporation's risk management function shall include, among others:
 - 1.1. Overseeing the risk-taking activities as well as in evaluating whether these remain consistent with the Corporation risk appetite and strategic decisions;
 - 1.2. Ensuring that the risk governance framework remains appropriate relative to the complexity of risk-taking activities of the company;
 - 1.3. Assisting management in meeting its responsibility to understand and manage risk exposures and ensure the development and consistent implementation of risk policies, processes, and procedures throughout the company;
 - 1.4. Identifying, measuring and analyzing key risks exposure and assessing and measuring the extent of risk exposure of RSICI, to include risk exposures on economic, environmental, social and governance factors relative to the achievement of the Corporation's strategic objective;
 - 1.5. Evaluating, categorizing, monitoring and assessing decisions to accept particular risks whether these are consistent with board approved policies and parameters on risk tolerance and the effectiveness of the corresponding risk mitigation measures;
 - 1.6. Establishing a risk register with clearly defined, prioritized and residual risks; and
 - 1.7. Communicating and reporting significant risk exposures, including strategic, compliance, operations, financial and reputation risks, control issues and risk mitigation plan on a regular basis to senior management, Board Risk Oversight Committee and to the Board of Directors of the results of assessment and monitoring.
2. Chief Risk Officer (CRO)

The Board shall appoint a CRO, or any equivalent position, who will champion Enterprise Risk Management (ERM) of RSICI. The CRO shall have adequate authority, stature, resources and support to fulfill his/her responsibilities which includes:

- 2.1. Overseeing the risk management function and shall support the Board in the development of the risk appetite and for translating the risk appetite into risk limits structure; and
- 2.2. Propose enhancements to risk management policies, process, and systems to ensure that the RSICI's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

ARTICLE XIV CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

Principle 13: The Corporation shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

A. Shareholder Rights

The Board shall ensure that shareholder rights are also disclosed through the Corporation website in addition to this Manual. The Board shall be committed to respect the following rights of the shareholders

1. Voting Rights

Shareholders, including minority shareholders, have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. The nomination procedures of the Corporation shall also be provided to all shareholders to promote awareness of their right to elect and vote at the ASMs through the notice and agenda of the meeting.

Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Corporation.

2. Pre-emptive Rights

All stockholders shall have pre-emptive rights. They shall have the rights to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporate Code.

3. Power of Inspection

Any shareholder who desires to exercise his right to inspect corporate books and records of the Corporation must make a written request addressed to the Corporate Secretary stating the specific reason(s) or purpose(s) for the inspection. The exercise of such right may be denied if, (i) The requesting shareholder improperly used information obtained from prior examination;(ii) is not acting in good faith; (iii) there is a reasonable ground to safeguard the interests of the Corporation, such as when the subject of inspection contains confidential or proprietary information or is covered by a confidentiality or non-disclosure obligation which will be violated by the Corporation if inspection were allowed;

In no case shall the shareholder be allowed to take corporate books and other records out of the principal office of the Corporation for the purpose of inspecting them. The Corporate Secretary may elevate the request for inspection for the information, approval, or other appropriate action by the Board.

This Manual shall be available for inspection by any shareholder of the Corporation at reasonable hours on business days.

4. Right to Information

The shareholders shall be provided, upon request and for legitimate purpose, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

The shareholders including minority shareholders shall be granted the right to propose the holding of meetings, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.

5. Rights to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid in capital stock. The Board of Directors may each year declare and pay cash or stocks dividend upon approval by the Board Members within 30 days after being declared for interim dividends and approved at the annual general meeting; except:

- 5.1. When justified by definitive corporate expansion projects or programs approved by the Board; or
- 5.2. When the Corporation is prohibited under any loan agreement with any financial institution or creditors whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
- 5.3. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

The shareholders shall have the appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines under any of the following circumstances:

- 6.1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the right of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares or any class, or of extending or shortening the term of corporate existence;
- 6.2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- 6.3. In case of merger or consolidation; and

- 6.4. Investment of funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized.

B. Annual Stockholders' Meetings

1. **Annual/Regular Meetings:** The annual/regular meetings of stockholders, in accordance with the corporate by-laws, shall be held at the principal office on Thursday of the first week of May of each year, if a legal holiday, then on the day following.
2. **Special Meeting:** The special meetings of stockholders for any purpose or purposes, may at any time be called by any of the following: (i) Board of Directors at its own instance or at the written request of stockholders representing a majority of the outstanding capital stock, (iii) President.
3. **Place of Meeting:** Stockholders meetings whether regular or special shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located.
4. **Notice and Agenda of Meeting:** Notices for regular or special meetings of stockholders may be sent by the corporate secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting and the purposes for which the meeting is called. Together with the notice, the Corporation shall also send the Agenda items for shareholder approval, explanation of such items, and other relevant information.
5. If the stockholders cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By- Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.
6. The results of the annual and special stockholders' meetings, including all the votes (approving and dissenting) during the meetings and the results of the organizational meeting, shall be publicly available through the RSICI's website within One (1) day from the dates of the meetings while the minutes of shareholders' meetings shall be available within five (5) business days from the dates of the meetings. The minutes of the meeting shall include, but not be limited to, a description of the voting and the vote tabulation

procedures used, the opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received if any, the matters discussed and the resolutions reached and a list of directors and officers who attended the meeting.

C. Alternative Dispute Resolution

To resolve intra-corporate disputes, a shareholder, at his option, may file for mediation under the Alternative Dispute Resolution Act of 2004. If the intra-corporate dispute is not resolved by mediation, the parties may bring the matter to arbitration in accordance with the Philippine Arbitration Law then in force. The seat of arbitration shall be the Philippines. The language of arbitration shall be English.

ARTICLE XV 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.

A. Stakeholders

1. The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability. The stakeholders shall include, among others, customers, policyholders, agents, brokers, employees, suppliers, shareholders, investors, the community the Corporation operates in, and regulators.
2. It is the duty of the directors to promote shareholder's rights, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' rights, voting rights and the solution of collective action problems through appropriate mechanisms as well as awareness of the same to all shareholders and stakeholders
3. The Board shall adopt a transparent framework and process that allows Stakeholders to communicate with the Company and to obtain redress for the violation of their rights. Stakeholders may communicate with the Company through the various Stakeholders touchpoints such as the Office of the Corporate Secretary, and the Company's Website.

ARTICLE XVI
EMPLOYEES' PARTICIPATION

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize RSICI's goals and participate in its corporate governance processes.

A. Employee Engagement

1. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance.
2. The corporation is committed to creating and maintaining a safe and healthy work environment. All employees must remain alert and comply with all Company safety and security rules and policies, applicable laws and regulations. One element of a healthy, safe and productive workplace is its freedom from substance and alcohol abuse. Accordingly, workforce members may not, among other things, use, possess, manufacture, distribute, sell, or be under the influence of alcohol or illegal drugs while working at the Corporation facility or conducting business off-site. Another element of a safe and healthy working condition shall be free from violence, discrimination and harassment. The corporation shall provide as necessary, information, instruction, training and supervision that is required to ensure health and safety at work of its employees. All employees are encouraged to set high standards of safety and to foster an attitude of mind which accepts good safety practices as normal.
3. The Corporation shall encourage and support the appropriate training and development of its employees. The Corporation shall be committed to ensuring equality of learning opportunities, and development of the employees. The Board shall allot a reasonable time and financial support for this purposes. Line managers are responsible for providing support and guidance in relation to the training and development of those reporting to them, particularly in relation to the identification of training and development needs and making sure that appropriate action is taken as a result. Each employee is expected and encouraged to take ownership and responsibility for their personal development in relation to their work, within the framework of support provided by Corporation. This includes analyzing their own skills, aptitudes and potential development needs, as well as having a positive attitude and proactive approach to development. The Corporation shall monitor and evaluate training and development activities to review and improve

provisions. Employees are expected to participate in the evaluation of training and development.

4. The Board of Directors shall approve remuneration and other incentives policies that are consistent with the principle of remuneration and performance. It shall be able to attract, retain, and engage its talents to support its business strategies and enhance value of the Corporation.
 - 4.1. The remuneration and incentives package shall take into account the employee position, role, responsibilities and activities in the corporation. It shall also consider the risks that the employees take on behalf of the Corporation.;
 - 4.2. The Corporation, through its Board and Management, shall encourage and nurture a strong performance-oriented culture; recognize and reward talents who demonstrate and create value for the Corporation;
 - 4.3. Annual remuneration reviews shall be conducted considering the Corporation, business unit, and individual performance. The same shall also be reviewed vis-à-vis market rates, and the Corporation's financial capability shall be considered for any incentive payout;
 - 4.4. Adopt a total rewards approach, using both the tangible and intangible aspects of rewards to drive the employment experience;
 - 4.5. Practice transparency, clarity, and consistency in our reward delivery.

B. Anti- Bribery & Corruption Policy

The Board shall set the tone and make a stand against corrupt practices by adopting an anti- corruption policy and program in its Code of Conduct. The same shall be disseminated to all employees across the Corporation through trainings to embed them in the Company's culture.

C. Whistle Blowing Policy

The Board shall establish a suitable framework for whistleblowing and ensure its enforcement to allow employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

ARTICLE XVII
SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Principle 16: RSICI shall 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.

A. Sustainability Policy

1. The Corporation shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.
2. RSICI shall strive to embed craftsmanship, innovation and sustainability into our business operation. We are committed to minimizing environmental impacts, promoting green and healthy living, and improving the quality of the communities where we operate while providing a reasonable return to our investors.
3. RSICI will strive to:
 - 3.1. exceed statutory requirements in relation to sustainability issues and apply innovation to improve the environment and the society;
 - 3.2. engage our stakeholders on our sustainability performance and gather feedback for improvement;
 - 3.3. minimize the potential environmental impacts of our operation and ensure product quality and responsibility;
 - 3.4. enhance the quality of life for the communities where we operate;
 - 3.5. provide a safe and caring working environment for our employees and support their ongoing learning and development;
 - 3.6. influence our value chain to share our belief and practices with regard to sustainability; and
 - 3.7. strengthen our governance of sustainability performance through monitoring and reporting.

4. The Corporation shall ensure commitment to preserve the environmental, social and economic assets that are fundamental for society and important to our long-term value creation.

ARTICLE XVIII CORPORATE GOVERNANCE MANUAL

A. Communication of this Manual

This Manual shall be readily accessible to interested parties. The Board shall oversee the dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance.

B. Penalties for Non-Compliance with the Manual

The Corporation shall establish an evaluation system to determine and measure compliance with this Manual. Violation thereof or non-compliance shall be subject to penalty as maybe determined by the Board of Directors ranging from reprimand to removal from office.

C. Approval and Effectivity

This manual was approved by the Board of Directors of the Corporation during the Board of Directors meeting on July 23, 2021 and took effect on the same day.