

**ANNUAL CORPORATE GOVERNANCE REPORT**

**PACIFIC UNION INSURANCE CO.**

**NAME OF COMPANY**

1. For the fiscal year ended **2020**
2. Certificate of Authority Number **2019/71-R**
3. **PHILIPPINES**  
Province, Country or Other jurisdiction of incorporation or organization
4. **UNIT 2401 ANTEL CORPORATE CENTRE, 121 VALERO ST., MAKATI CITY**  
Address of principal office
5. **(02) 8845-33 to 37**  
Company's telephone number, including area code
6. [www.puicinsurance.com](http://www.puicinsurance.com)  
Company's Official Website
7. \_\_\_\_\_  
Former name, former address, and former fiscal year, if changed since last report.



**1227**  
Postal Code

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Reference: PUIC Annual Report –Board of Directors ( Page 4 to Page 6)	
2. Board has an appropriate mix of competence and expertise.	Compliant	The Directors remain qualified in compliance PUIC Manual on Corporate Governance	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices - E. Members of the Board (Page 11 to 16)</a>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	Board is composed of 4 Executive Directors, 2 Non-Executive and 3 Independent Directors Reference: <a href="#">2020 General Information Sheet</a>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – I. Information and Professional Development (Page 18)</a>	

2. Company provides in its Board Charter of Manual on Corporate Governance an orientation program for first time directors.	Compliant	Reference: <a href="#">Nominations Committee Charter – Continuing Development of Directors</a>	
3. Company has relevant annual continuing training for all directors.	Non-Compliant		In 2020, attendance in outside trainings is restricted. However, on-going review of relevant policies are undertaken.
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	Reference: <a href="#">Nominations Committee Charter – Diversity Obligations</a>  The board is compose of 6 Male Directors and 3 Female Directors	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	Reference: <a href="#">2020 General Information Sheet</a>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Reference: <a href="#">PUIC Annual Report – Corporate Officers (Page 3)</a> : Corporate Secretary is Mr. Jan Adrian Padiernos and the Compliance Officer is Atty. Luisito Deveza	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant		The Corporate Secretary, Mr Jan Adrian Padiernos is a member of the board.
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Reference: <a href="#">Annual Report – Board of Directors (Page 5)</a>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices - II.A.15 (Page 6)</a>	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Atty. Luisito Deveza is the CO and also the Legal Counsel of PUIC and has adequate stature and authority.	
3. Compliance Officer is not a member of the board.	Compliant	Reference: <a href="#">Annual Report – Corporate Officers (Page 3)</a>	

4. Compliance Officer attends training/s on corporate governance annually.	Non-compliant		In 2020, attendance in outside trainings is restricted. However, on-going review of relevant policies are undertaken.
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**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**Recommendation 2.1**

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – E. Members of the Board (Page 11) and I. Information and Professional Development (Page 18)</a>	
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**Recommendation 2.2**

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant		

**Recommendation 2.3**

1. Board is headed by a competent and qualified Chairperson.	Compliant	Reference: <a href="#">Annual Report – Board of Directors (Page 4)</a>	
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<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Reference: <a href="#">Nominations Committee Charter</a>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	Reference: <a href="#">Compensation/Remuneration Committee Charter</a>	
<b>Recommendation 2.5</b>			
1. Board formulates and adopts a policy specifying the relationships between remuneration and performance of key officers and board members	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – F. Board Remuneration (Page 16)</a>	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – G. Performance Evaluation (Page 17)</a>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – F. Board Remuneration : Item 9 (Page 16)</a>	

<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Reference: <a href="#">Nominations Committee Charter</a>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices –H. Election/Re-Election (Page 18)</a>	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – D. Related Party Transactions (Page 21)</a>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Reference: <a href="#">Policy Related Party Transactions</a>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	Reference: <a href="#">2020 Audited Financial Statement – Notes to Financial Statement No. 26</a>	

<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – A. Responsibilities of the Board (Page 5)</a>  Reference: <a href="#">Annual Report – Corporate Officers (Page 3)</a>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – A. Responsibilities of the Board (Page 5)</a>  The Board assesses the performance of the Management annually.	
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management’s performance is at par with the standards set by the Board and Senior Management.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – A. Responsibilities of the Board (Page 5)</a>	
2. Board establishes an effective performance management framework that ensures that personnel’s performance is at par with the standards set by the Board and Senior Management.	Compliant		
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – B. Internal Control and Risk Management (Page 20)</a>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		

3. Board approves the Internal Audit Charter.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – B. Internal Control and Risk Management (Page 20)</a>	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant		
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – II. The Board (Page 4 to 6)</a>  Reference: Corporate Governance Principles and Leading Practices is accessible at PUIC's website Reference: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		



**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Reference: <a href="#">Compensation/ Remuneration Committee Charter</a> ; <a href="#">Audit Committee Charter</a> and <a href="#">Nomination Committee Charter</a>	
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**Recommendation 3.2**

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Reference: <a href="#">Audit Committee Charter</a> Reference: <a href="#">Corporate Governance Principles and Leading Practices – C. Audit Commitment and Auditors (Page 20 – 21)</a>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Reference: <a href="#">Annual Stockholders Meeting – B. Election of Non-Executive Committee Chair and Members</a> - Mr. Mell Medallo, Mr. Gregorio Sta. Maria and George J. Regalado	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Reference: <a href="#">Annual Report - Our Corporate Officers (page 3)</a> – Mr. Mell Medallo; <a href="#">Annual Report – Our Board of Directors (Page 5 &amp; 6)</a> – Mr. Gregorio Sta. Maria and George J. Regalado	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a> – B. Election of Non-Executive Committee Chair and Member	

<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Non-Compliant		The Board has yet to establish a Corporate Governance Committee. The Nomination Committee; Compensation/Remuneration Committee and Audit Committee is tasked to assist the Board in the performance of its Corporate Governance. PUC may establish a Corporate Governance Committee as recommended herein.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant		
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant		
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Non-Compliant		The Board has yet to establish separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. Such duties and responsibilities are assigned to the Corporate Officers. PUC may establish a separate BROC as recommended herein.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		

Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		The Board has yet to establish separate Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. Such duties and responsibilities are assigned to the Corporate Officers, Internal and External Auditors. However, PUIC may establish a separate RPT Committee as recommended herein.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant		
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Reference: <a href="#">Compensation/ Remuneration Committee Charter</a> ; <a href="#">Audit Committee Charter</a> and <a href="#">Nomination Committee Charter</a>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	Reference: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>  Committee Charters were fully disclosed on the company's website	

**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

**Recommendation 4.1**

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a>	

**Recommendation 4.2**

1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – C. Board Balance and Independence: Multiple Board Seats (Page 8)</a>  Reference: <a href="#">Annual Report – Our Board of Directors (Page 4 to 6)</a>	
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**Recommendation 4.3**

1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	Reference: <a href="#">Nominations Committee Charter</a> and <a href="#">Annual Stockholders Meeting</a>	
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**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs

**Recommendation 5.1**

1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	Reference: <a href="#">2020 General Information Sheet</a>	
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**Recommendation 5.2**

1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the positions.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – E. Members of the Board (Page 11 – 14)</a> and <a href="#">Annual Stockholders Meeting</a>	
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**Recommendation 5.3**

<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as the Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	Compliant	Reference: <a href="#">Annual Stockholders Meeting – D. Appointment of Independent Director (Page 3)</a>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – E. Members of the Board (Page 11 – 14)</a>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholder's meeting.	Compliant	Reference: <a href="#">Annual Stockholders Meeting – D. Appointment of Independent Director (Page 3)</a>	

<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Company's Chairman of the Board is Mr. Roy G. Padiernos and the Chief Executive Officer is Ms. Joy P. Carlos Reference: <a href="#">Annual Report</a>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Reference: <a href="#">PUIC's By-Laws</a> and <a href="#">Annual Report</a>  The Chairman, Roy G. Padiernos and The CEO Joy P. Carlos are Siblings.	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	Reference: <a href="#">Annual Report – Our Board of Directors</a> and <a href="#">2020 General Information Sheet</a>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – C. Duties and Responsibilities of the Board (Page 14 – 16)</a>	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant		The board ensures that it has a timely and accurate disclosure of all material matters, including the financial condition, performance, ownership and governance of the corporation, thus, the non-executive directors exercises their independence in relation to their duties and may access and inquire necessary information and clarify details with regards to corporate affairs.
2. The meetings are chaired by the lead independent director.	Non-Compliant		

**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1			
1. Board conducts an annual assessment of its performance as a whole.	Compliant	Reference: <a href="#">2020 Board of Director's Assessment Form</a> Reference: <a href="#">Corporate Governance Principles and Leading Practices – G. Performance Evaluation (Page 17)</a> and <a href="#">Corporate Governance Self Assessment Activity (Page 25)</a> Reference: <a href="#">Compensation/ Remuneration Committee Charter</a> ; <a href="#">Audit Committee Charter</a> and <a href="#">Nomination Committee Charter</a> Reference: <a href="#">Review of Management Performance</a>	
2. The performance of the Chairman is assessed annually by the Board.	Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant		
4. The performance of each committee is assessed annually by the Board	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		The Board's self assessment is implemented by the internal facilitator. However, PUIC will employ the services of an external facilitator upon approval of the Board when the necessity arises.

<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – E. Members of the Board – A. Qualifications (Page 11-12) and Relations with shareholders (Page 22-23)</a>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Reference: <a href="#">Review of Management Performance</a>	
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Reference: <a href="#">Code of Ethics and Conduct</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Reference: <a href="#">Code of Ethics and Conduct</a>  HR provides copy of the Code upon employment and other necessary documents with regards to their work/position in the company.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Code is disclosed and made available in the company website: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>	



<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Reference: <a href="#">Code of Ethics and Conduct</a>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – Responsibility for Good Governance; Implementation and Enforcement (Page24)</a>	

### **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.

<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – Accountability and Audit (Page 19)</a>  Reference: <a href="#">2020 Audited Financial Statement</a>	

<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Reference: <a href="#">Annual Report – Our Board of Directors</a> and <a href="#">2020 General Information Sheet</a>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Reference: <a href="#">Annual Report – Our Board of Directors</a> and <a href="#">2020 General Information Sheet</a>	

<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code	Compliant	Reference: <a href="#">Compensation/ Remuneration Committee Charter</a>  Reference: <a href="#">Corporate Governance Principles and Leading Practices – c. the Remuneration Committee (Page 10)</a>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code	Compliant		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant		
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – D. Related Party transaction (Page 21)</a> Reference: <a href="#">Policy Related Party Transactions</a> Reference: <a href="#">2020 Audited Financial Statement – Notes to Financial Statement No. 26</a>	
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year	Compliant		

**Recommendation 8.7**

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices</a> Reference: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>	
2. Company's MCG is posted on its company website.	Compliant		

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

**Recommendation 9.1**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Reference: <a href="#">2020 Audited Financial Statement</a>	

**Recommendation 9.2**

1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		

**Recommendation 9.3**

1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	

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

**Recommendation 10.1**

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Reference: <a href="#">Annual Stockholders Meeting - H. Implementation of Corporate Policies</a>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Reference: <a href="#">Annual Stockholders Meeting - H. Implementation of Corporate Policies</a>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public	Compliant	Reference: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>	
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**Internal Control System and Risk Management Framework**

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

**Recommendation 12.1**

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – B. Internal Control and Risk Management (Page 20)</a>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Reference: <a href="#">Money Laundering and Terrorism Financing Prevention Program</a> ; <a href="#">Whistle Blowing Policy</a>	

**Recommendation 12.2**

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Reference: <a href="#">Audit Committee Charter</a>	
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**Recommendation 12.3**

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Mr. Mell Medallo – AVP – Accounting, oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider, subject to the approval of the Board.  Reference: Annual Report, <a href="#">Audit Committee Charter</a> and <a href="#">Corporate Governance Principles and Leading Practices – C. Audit Commitment and Auditors (Page 20)</a>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant		

<b>Recommendation 12.4</b>			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – B. Internal Control and Risk Management (Page 20)</a>	
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	The company's Risk Management System is under the control and supervision of the Executive Officers  Reference: <a href="#">Annual Report – Key Officers</a>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant		
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – IV. Relations with shareholders (Page 22)</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Reference: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – IV. Relations with shareholders (Page 22)</a> and <a href="#">Annual Stockholders Meeting</a>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a>	

2. Minutes of the Annual and Special Shareholder's Meetings are available on the company website within five business days from the end of the meeting	Compliant	Reference: <a href="#">Annual Stockholders Meeting</a>	
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		An alternative dispute mechanism is to be created by PUIC upon approval of the board
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – A. Responsibilities of the Board (Page 5)</a>	
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> 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.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Reference: <a href="#">2020 General Information Sheet</a> Reference: <a href="#">Corporate Governance Principles and Leading Practices – II The Board (Page 4)</a>	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Reference: <a href="#">Corporate Governance Principles and Leading Practices – IV. Relations with shareholders (Page 22)</a>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	HR Manager – email: admin@puicinsurance.com Reference: <a href="http://www.puicinsurance.com">www.puicinsurance.com</a>  Reference: <a href="#">Whistle Blowing Policy</a>	



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

**Recommendation 15.1**

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Reference: <a href="#">Code of ethics and conduct</a> , <a href="#">MLTFPP</a> and <a href="#">Whistle Blowing Policy</a> , <a href="#">Policy Relating to Employees Health Safety Welfare</a>	
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**Recommendation 15.2**

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Reference: <a href="#">Code of ethics and conduct</a> , <a href="#">MLTFPP</a> and <a href="#">Whistle Blowing Policy</a>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	PUIC policies and other company's programs are disseminated to senior management and employees individually upon employment.	

**Recommendation 15.3**


1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	Reference: <a href="#">Whistle Blowing Policy</a>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		


<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Reference: <a href="#">Annual Stockholders Meeting – 8. Other Matters</a>	


CERTIFICATION


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

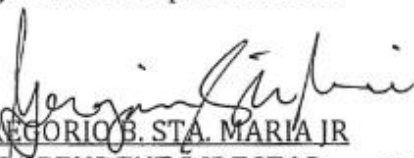
Signed in the City of MAKATI CITY on the \_\_\_\_\_ of JUL 30 2021 20\_\_\_\_\_.


  
ROY G. PADIERNOS  
CHAIRMAN OF THE BOARD  
Signature over printed name


  
JOY P. CARLOS  
PRESIDENT/CEO  
Signature over printed name

  
JAN ADRIAN DL. PADIERNOS  
CORPORATE SECRETARY  
Signature over printed name

  
ATTY. LUISITO C. DEVEZA  
CORPORATE GOVERNANCE  
COMPLIANCE OFFICER  
Signature over printed name

  
GREGORIO B. STA. MARIA JR  
INDEPENDENT DIRECTOR  
Signature over printed name

  
GRACE T. LIM  
INDEPENDENT DIRECTOR  
Signature over printed name

  
GEORGE J. REGALADO  
INDEPENDENT DIRECTOR  
Signature over printed name

SUBSCRIBED AND SWORN to before me this JUL 30 2021 day of \_\_\_\_\_  
20\_\_\_\_, by the following who are personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

	NAME	ID NO.	DATE/PLACED ISSUED
1.	ROY G. PADIERNOS	TIN: 115-775-205	
2.	JOY P. CARLOS	TIN: 102-289-164	
3.	JAN ADRIAN D. PADIERNOS	TIN: 297-444-269	
4.	ATTY. LUISITO C. DEVEZA	TIN: 135-548-075	
5.	GREGORIO B. STA. MARIA	TIN: 113-357-131	
6.	GEORGE J. REGALADO	TIN: 102-019-058	
7.	GRACE T. LIM	TIN: 105-812-584	

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BOOK NO. 176  
SERIES 2021

NOTARY PUBLIC  
Atty. MARIA LOURDES A. BARRADO  
NOTARY PUBLIC - until Dec. 31, 2021  
PTR No. 8533093 Jan. 04, 2021, Makati City  
IBP Lifetime Roll No. 010955  
Roll No. 43236  
MCLE Compliance No. VI-0011898 Aug. 31, 20