

**PACIFIC UNION INSURANCE COMPANY
CORPORATE GOVERNANCE COMMITTEE CHARTER**

1. PURPOSE

The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

2. COMPOSITION

The Committee shall consist of at least three members, majority of whom should be independent directors, including the Chairman. The Chairman shall conduct and preside at each meeting of the Committee. If the Chairman is not present, the members of the Committee may designate a Chair by majority vote of the Committee membership. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board at any time, with or without cause. Each Committee member must meet the approved standards/requirements set by the Board.

3. DUTIES AND FUNCTIONS

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee, and the Committee shall perform such duties and responsibilities consistent with and subject to applicable law and rules and regulations promulgated by the SEC, BIR, Insurance Commission or any other applicable regulatory authority.

- A. 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;
- B. Oversees the periodic performance evaluation of the Board and its committees as well as executive management and conducts an annual self-evaluation of its performance;
- C. 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;
- D. Recommends continuing education/training programs for directors, assignment of task/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- E. Adopts corporate governance policies and ensures that these are reviewed and updated regularly and consistently implemented in form and substance;
- F. Proposes plans relevant trainings for the members of the Board;
- G. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company

may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

- H. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

4. OTHER POWERS AND RESPONSIBILITIES

A. Evaluation of the Committee

The Committee shall, on an annual basis, evaluate its performance. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy and quality of the information and adequate for the Committee to completes its work in a thorough and thoughtful manner. The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended changes to the Company's or the Board's policies or procedures.

B. Reports

The Committee shall make regular reports to the Board, providing an overview of its activities and summarizing Committee actions. The Committee shall also present resolutions to the Board that the Committee has recommended be adopted by the Board.

C. Miscellaneous

The Committee shall perform any other activities consistent with this Charter, the Company's Articles of Incorporation, By-Laws and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee shall be given direct and complete access to the Company's Board and management as is deemed necessary by the Committee, in order to perform its duties under this Charter.

The Company shall provide any and all funding requested by the Committee to enable the Committee to carry out its duties and responsibilities.

D. Board Appointments, Re-Elections and Performance

In assisting the Board in the appointment, re-election and performance of Directors, the Committee will:

1. Assess the necessary and desirable competencies of Directors;
2. Assess that Director have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively;
3. Develop Board succession plans so that an appropriate balance of skills, experience, expertise and diversity is maintained;
4. Make recommendation to the Board relating to the appointment, re-election and retirement of Directors;
5. Review the time commitment required from Non-executive Directors and whether Directors are meeting that commitment
6. Schedule regular Board performance reviews.

In reviewing the composition and performance of the Board, the Committee will consider the term served by Non-Executive Directors so that, overtime, new Directors are appointed to challenge existing approaches and to incorporate new ideas and energy.

In selecting and recommending the appointing of new Directors, the Committee will:

1. Adopt a board skill matrix to identify and deficient competencies in the skills and experience of the Board;
2. Engage external consultants where necessary to assist in the selection process of suitable candidates; and
3. Recommend candidates who have the appropriate range skills, experience and expertise that will best complement Board effectiveness.

In addition, any candidate must confirm that they have the necessary time to devote to their Board position. In support of this confirmation, the candidate must provide the Committee with details of other commitments and an indication of time involved.

E. Diversity Obligations

In addition to assisting the Board in ensuring that diversity is considered in the selection, appoint and re-election of Directors, the Committee, in consultation with the Remuneration Committee and PUIC Management (as appropriate) will oversee the implementation and on-going monitoring of company's strategy including:

1. The establishment of measurable objectives for achieving diversity;
2. The annual review and report to the Board on the diversity objectives and progress against those objectives;
3. The reporting through the Annual Report, and monitoring, through reports from the Management, of diversity objectives; and
4. The Company's implementation of processes and procedures associated with the diversity strategy;

F. Continuing Development of Directors

The Committee should ensure each new Director undertakes a Continuing Program which enables them to gain an understanding of:

1. The insurance industry and operations;
2. The company's financial, strategic, operational and risk management position;
3. The culture and values of the company;
4. Board and Committee Meeting arrangements, including the role of Board Committees; and
5. Constructive and respect relations between Board Members, and between the Board and other shareholders

The Committee will review that the Directors have access to appropriate continuing education to update and enhance their skills and knowledge.

G. Committee Memberships and Executive Committee Appointments

When it is considered appropriate, the Committee is to review the composition of Committees and submit recommendations to the Board for changes to those Committees

The Committee is to review and endorse recommendations made by the Chief Executive Officer for Executive Committee appointments.

H. Compensation/Remuneration Duties

As respects Compensation, The Committee has the responsibility and authority to:

1. Review compensation strategies and significant policies recommended by the Human Resources Division;
2. Direct the Human Resources Division to research alternative compensation plans and non-cash incentive programs;
3. Review and recommend for approval by the board of directors the compensation for elected officers and general compensation for all employees, including but not limited to salaries, pensions, bonuses, incentives and other compensations plans;
4. The Committee will be provided with performance evaluation data prepared by the board as respects the President and by the President as respects the other executive officers.
5. Set reasonable compensation for members of the board and for participation on committees of the board; and
6. Perform other oversight functions as requested by the board of directors, or as deemed necessary by the Committee.

As respects Benefits, the Committee has the responsibility and authority to:

1. Provide oversight to assure that retirement and welfare plans are financially sound, responsive to employee needs, and deemed qualified by the Internal Revenue Service.
2. Direct the development of a comprehensive employee benefits program that supports corporate strategies;
3. Review and recommend the amendment of the existing plans;
4. Provide input to Audit and Remuneration Committees and the Board;
5. Oversee the Board and Committees members relationships;
6. Recommend benefit plan changes to the board of directors, in support of corporate strategies;
7. Review the Human Resources Division's research and analysis, regarding recommend plan changes;
8. Oversee preventive and corrective actions taken to assure the tax qualified status of retirement plans;
9. Report all actions taken and recommendations to the board of directors, for approval and/or ratification.

5. MEETING AND PROCEDURES

A. Meetings

The Committee shall fix its own rules of procedure, which shall be consistent with the By-Laws of the Company and this Charter. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portion thereof) and to provide pertinent information as necessary.

Special meeting of the Committee may be held at any time deemed necessary by the Board, the Committee Chairman or a majority of the Committee members. Management may request the Board or the Committee Chairman to call a special meeting of the Committee.

B. Subcommittees

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

C. Minutes

Minutes of each meeting of the Committee shall be prepared documenting the activities of the Committee. After review and comment by Committee members, the minutes of each meeting of the Committee shall be finalized and sent to the Company's Corporate Secretary for permanent filing in the Company's minute book.

APPROVED AND ATTESTED BY:


ROY G. PADIERNOS
Chairman


JOY P. CARLOS
Director

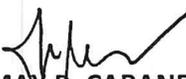

ATTY. JAN RURIK DL. PADIERNOS
Director


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ATTY. LUISITO C. DEVEZA
Compliance Officer