



## ALSONS INSURANCE BROKERS CORPORATION

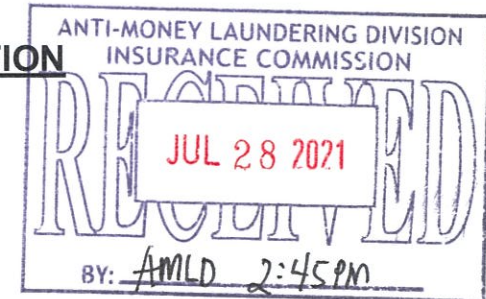
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Davao : Suite A302 Plaza de Luisa Complex, R.Magsaysay Ave., Davao City

### ANNUAL CORPORATE GOVERNANCE REPORT OF

#### ALSONS INSURANCE BROKERS CORPORATION

(Name of Company)



1. For the fiscal year ended December 31, 2020
2. Certificate Authority Number IB-25-2019-R & RB-08-2019-R
3. 3/F PLAZA DE LUISA BLDG., MAGSAYSAY AVE., DAVAO CITY & G/F ALSONS BLDG., 2286 CHINO ROCES EXT., MAKATI CITY  
Province, country or other jurisdiction of incorporation or organization
4. 3/F PLAZA DE LUISA BLDG., MAGSAYSAY AVE., DAVAO CITY ..... 8000  
Address of principal office Postal Code
5. (02) 8982-3000  
Company's telephone number, including area code
6. [http://aibc.alcantaragroup.com/page\\_about.html](http://aibc.alcantaragroup.com/page_about.html)  
Company's official website
7. \_\_\_\_\_  
Former name, former address, and former fiscal year, if changed since last report

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
The Board's Governance Responsibilities			
"Principle 1: The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation, in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders."			
Recommendation 1.1			
"1. The Board is composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector."	Compliant	The attached Annex "A" contains the following information on the Company's Board, and show: 1. The academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of the directors; and 2. The qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	
"2. Board has an appropriate mix of competence and expertise"	Compliant		
"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		
Recommendation 1.2			
"1. Board is composed of a majority of non-executive directors."	Compliant	Of the Company's 7 Directors, as listed in Annex "A", only 2 – a minority - are "executive directors", i.e. (1) the Chairman & President, and (2) the Executive Vice President & Treasurer.	
Recommendation 1.3			
"1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors."	Compliant	In the Company's current Manual on Corporate Governance, 4.2, a "director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute."  Annually, all Directors attend a seminar on Corporate Governance usually rendered by Risk Opportunities Assessment & Management (ROAM), Inc. In 2020, all Directors attended a 4-hour ROAM, Inc. seminar held on November 13, 2020.	
"2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors."	Compliant		
"3. Company has relevant annual continuing training for all directors."	Compliant		
Recommendation 1.4			
"1. Board has a policy on board diversity."	Compliant	The Company's Board Diversity Policy to be adopted is set forth in Annex "B".	
Recommendation 1.5			
"1. Board is assisted in its duties by a Corporate Secretary."	Compliant	As set forth in the Company's articles and by-laws, as amended, and its GISs, the Board always appoints a	



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
		Corporate Secretary who assists the Board.	
"2. Corporate Secretary is a separate individual from the Compliance Officer."	Non-Compliant		Currently, the Corporate Secretary serves as the Compliance Officer pending the appointment of separate individuals for each of the positions.
"3. Corporate Secretary is not a member of the Board of Directors."	Compliant	The Corporate Secretary is not a Director, and also attends the annual Corporate Governance seminars rendered by ROAM, Inc. On November 13, 2020, the Corporate Secretary, with all the Directors, attended a 4-hour ROAM, Inc. seminar on Corporate Governance.	
"4. Corporate Secretary attends training/s on corporate governance."	Compliant		
Recommendation 1.6			
"1. Board is assisted by a Compliance Officer."	Compliant	A Compliance Officer always assists the Board, and he has a rank equivalent to the position of a Senior Vice President, with adequate stature and authority in the Company, but is not a Director, and he attends the annual corporate governance seminars. On November 13, 2020, the Compliance Officer, with all the Directors, attended a 4-hour ROAM, Inc. seminar on Corporate Governance.	
"2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation."	Compliant		
"3. Compliance Officer is not a member of the board."	Compliant		
"4. Compliance Officer attends training/s on corporate governance."	Compliant		
" 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	As set forth in the Company's filings and disclosures, the Board acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.	
Recommendation 2.2			
"1. Board oversees the development, review and approval of the company's business objectives and strategy."	Compliant	As set forth in the Company's filings and disclosures, the Board oversees and/or monitors the development, review, approval, and implementation of the Company's business objectives and strategy.	
"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."			
Recommendation 2.3			
"1. Board is headed by a competent and	Compliant	The Board is headed by a competent and qualified	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
qualified Chairperson.”		Chairman, Mr. Nicasio I. Alcantara.	
<b>Recommendation 2.4</b>			
“1. Board ensures and adopts an effective succession planning program for directors, key officers and management.”	Non-Compliant		The Board is developing a program for succession planning, and a policy on the retirement of Directors and key officers.
“2. Board adopts a policy on the retirement for directors and key officers.”			
<b>Recommendation 2.5</b>			
“1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.”	Compliant	The Board has a policy tying remuneration of key officers with the performance of the Company, leading to the improvement of the Company’s long-term interests. The non-executive Directors are not employees of the Company, and their remuneration consists solely of fixed per diems. Thus, Directors do not participate in discussions or deliberations involving their own remuneration.	
“2. Board aligns the remuneration of key officers and board members with long-term interests of the company.”			
“3. Directors do not participate in discussions or deliberations involving his/her own remuneration.”			
<b>Recommendation 2.6</b>			
“1. Board has a formal and transparent board nomination and election policy.”	Compliant	The Company’s formal and transparent Nomination and Election Policy to be adopted is set forth in Annex “C”.	
“2. Board nomination and election policy is disclosed in the company’s Manual on Corporate Governance.”	Non-Compliant		The Company’s formal and transparent Nomination and Election Policy, Annex “C”, will form part of a New Manual on Corporate Governance when the Board meets on August 2021 to adopt the said new manual.
“3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.”	Compliant	The Company’s Nomination and Election Policy, Annex “C”, includes: how the Company accepts nominations from minority shareholders; how the Board reviews nominated candidates; an assessment of the effectiveness of the Board’s processes in the nomination, election or replacement of a director; and a process for identifying the quality of directors that is aligned with the strategic direction of the Company.	
“4. Board nomination and election policy includes how the board reviews nominated candidates.”			
“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.”			
“6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.”			



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Recommendation 2.7			
“1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.”	Compliant	The Company’s Related Party Transaction Policy to be adopted is set forth in Annex “D”, and it is “group-wide” to a certain extent, and it governs RPTs, and other unusual or infrequently occurring transactions, which includes a proper review, and approval of materials RPTs, which guarantees fairness and transparency of the transactions.	
“2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.”			
“3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.”			
Recommendation 2.8			
“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	The Board complies with the Revised Corporation Code, sec. 24, by electing, immediately after their own election, the officers of the Company, including, but not limited to, the President and Chief Executive Officer, the Executive Vice President, the Treasurer, the Chief Financial Officer, the Corporate Secretary, and, if any, the Chief Audit Executive.	
“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	The Board complies with the Revised Corporation Code, sec. 22, in that unless otherwise provided in the said Code, the Board: (1) exercises all corporate powers; (2) conducts all business; and (3) holds all property of the Company. Thus, the Board is ultimately responsible for assessing the performance of all Company officers.	
Recommendation 2.9			
“1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.”	Compliant	The Board complies with the Revised Corporation Code, sec. 22, in that unless otherwise provided in the said Code, the Board: (1) exercises all corporate powers; (2) conducts all business; and (3) holds all property of the Company. Thus, the Board is ultimately responsible for ensuring that the performance by management, and personnel, is at par with the standards set by the Board and Senior Management.	
“2. Board establishes an effective performance management framework that ensures that personnel’s			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
performance is at par with the standards set by the Board and Senior Management.”			
Recommendation 2.10			
“1. Board oversees that an appropriate internal control system is in place.”	Compliant	The Board complies with the Revised Corporation Code, sec. 22, in that unless otherwise provided in the said Code, the Board: (1) exercises all corporate powers; (2) conducts all business; and (3) holds all property of the Company. Thus, the Board is ultimately responsible for establishing, then overseeing, an appropriate internal control system, monitoring and managing potential conflicts of interest of Management, Directors, and shareholders, and approving, if any, the internal audit charter.	
“2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.”			
“3. Board approves the Internal Audit Charter.”			
Recommendation 2.11			
“1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.”	Compliant	The Board complies with the Revised Corporation Code, sec. 22, and is ultimately responsible for overseeing an ERM framework, which will identify risks, and the measures to manage each of such risks.	
“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.”		The said ERM framework also guides the Board in identifying units/business lines and enterprise-level risk exposures, and assists the Board in assessing the effectiveness of its risk management strategies.	
Recommendation 2.12			
“1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.”	Non-Compliant		The Board’s “charter” is currently found in applicable laws, rules, regulations, and jurisprudence, and in the Company’s articles of incorporation and by-laws, as amended, and its current Manual on Corporate Governance. The said “charter”, however, has to be codified, adopted by the Board, and posted on the Company’s website.
“2. Board Charter serves as a guide to the directors in the performance of their functions.”			
“3. Board Charter is publicly available and posted on the company’s website.”			
“ 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			



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.”	Compliant	The Board has established various committees (audit, executive, management, nomination, compensation) that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	
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	The Board has established its 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	
“2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.”	Non-Compliant		Due to the Board having only one Independent Director, the Audit Committee has only three members, only one of whom is an Independent Director.
“3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.”	Compliant	All the members of the Audit Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	
“4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.”	Non-Compliant		Due to the Board having only 7 Directors, and several committees, the Chair of the Audit Committee is constrained to also be the chair of at least one other committee.
Recommendation 3.3			
“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		Due to the Board having only 7 Directors, and several committees, the Board has to resolve either to organize a Corporate Governance committee, or add that function to another committee. Currently, the Board carries out the functions of a Corporate Governance committee.
“2. Corporate Governance Committee is composed of at least three members, a majority of whom should be independent directors.”			
“3. Chairman of the Corporate Governance Committee is an independent director.”			
Recommendation 3.4			
“1. Board establishes a separate Board Risk	Non-Compliant		Due to the Board having only 7 Directors, and several

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.”			committees, the Board has to either to organize a Risk Oversight committee, or add that function to another committee. Currently, the Board carries out the functions of a Risk Oversight committee.
“2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.”			
“3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.”			
“4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.”			
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		Due to the Board having only 7 Directors, and several committees, the Board has to resolve either to organize a Related Party Transaction committee, or add that function to another committee. Currently, the Board carries out the functions of a Related Party Transaction committee.
“2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.”			
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.”	Non-Compliant		Due to the Board having only 7 Directors, and several committees, the Board has to resolve either to organize a other committees, or add functions to existing committees, and thereafter commission the drafting of the charters of the committees.
“2. Committee Charters provide standards for evaluating the performance of the Committees.”			
“3. 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.”			



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
<b>Recommendation 4.1</b>			
“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	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through teleconferencing or videoconferencing conducted in accordance with the rules and regulations of the Commission	
“2. The directors review meeting materials for all Board and Committee meetings.”	Compliant	Management is required to provide members of the Board and Committee materials for their meeting on the Monday of the week preceding the meeting, to allow the Directors to review meeting materials for all Board and Committee meetings.	
“3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.”	Compliant	The Directors do ask the necessary questions, or seek clarifications and explanations, during the Board and Committee meetings.	
<b>Recommendation 4.2</b>			
“1. Non-executive directors concurrently serve 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 minutes, challenge Management’s proposals/views, and oversee the long-term strategy of the company.”	Compliant	If non-executive Directors concurrently serve in publicly-listed companies, none of such companies exceed five in number.	
<b>Recommendation 4.3</b>			
“1. The directors notify the company’s board where he/she is an incumbent director before accepting a directorship in another company.”	Compliant	The Independent Director has undertaken to notify the Company’s Board if there is any change about to occur in his qualifications, including the acceptance of a directorship in another company.	
“Principle 5: The Board should endeavor to exercise objective and independent judgment on all corporate affairs.”			
<b>Recommendation 5.1</b>			
“1. The Board is composed of at least twenty percent (20%) independent directors.”	Non-Compliant	One Independent Director in a seven-seat Board is – when rounded off – 20%.	
<b>Recommendation 5.2</b>			
“1. The independent directors possess all the qualifications and none of the	Compliant	The Independent Director possesses all the qualifications and none of the disqualifications to hold the position.	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
disqualifications to hold the positions.”			
<b>Recommendation 5.3</b>			
“1. The independent directors serve for a cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. 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.”	Compliant	Since the cumulative term of nine years from 2 January 2015 would end on 2 January 2024, and it is only 2021, then the current Independent Director is still “serving a cumulative term of nine years.”	
“2. The company bars an independent director from serving in such capacity after the term limit of nine years.”	Compliant	With the Commission imposing this prohibition, the Company will also impose the same.	
“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 seeks shareholders’ approval during the annual shareholders’ meeting.”	Compliant	If, in 2 January 2024, the Company retains its Independent Director in the same capacity, then the Board will decide whether to elect a new Independent Director, or provide meritorious justification, and seeks shareholders’ approval during the annual shareholders’ meeting to retain its Independent Director.	
<b>Recommendation 5.4</b>			
“1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.”	Non-compliant		The Board has not yet resolved to separate individuals should hold the positions of Chairman and CEO. Nonetheless, this has not compromised the Board’s independence since the Chairman and CEO still has just one vote. Thus, Principle 5 is still being achieved.
“2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.”	Compliant	The responsibilities of the President and Chief Executive Officer are clearly defined in the Revised Corporation Code, the Company’s articles, and by-laws, and the current Manual on Corporate Governance, and these are different from the responsibilities of the Chairman.	
<b>Recommendation 5.5</b>			
“1. If the Chairman of the Board is not an	Compliant	With one Independent Director, that Independent	



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
independent director, or where the roles of the Chairman and CEO are being held by one person, the board should designate a lead director among the independent directors.”		Director becomes the “lead” Independent Director.	
Recommendation 5.6			
“1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.”	Compliant	The Company strictly complies with the Revised Corporation Code, sec. 32, which governs dealings by Directors, if any, with the Company.	
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.”	Non-Compliant		The Board will be arranging meetings between NEDs, and the external auditor, and heads of the internal audit, compliance and risk functions without any Executive Director present, and the Independent Director shall chair these meetings.
“2. The meetings are chaired by the lead independent director.”			
“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.”	Non-Compliant		The Board will be arranging these assessments.
“2. The performance of the Chairman is assessed annually by the Board.”			
“3. The performance of each committee is assessed annually by the Board.”			
“4. Each committee conducts a self-assessment of its performance.”			
“5. Every three years, the assessments are supported by an external facilitator.”			
Recommendation 6.2			
“1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.”	Compliant	The Board has established a system that provides criteria and processes to assess its performance and that of individual Directors and committees, and allows for a feedback mechanism from the shareholders. This system consists a thorough review of the Company’s performance at every meeting of the Board or management committee.	
“2. The system allows for a feedback			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
mechanism from the shareholders.”			
Disclosure and Transparency			
“Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.”			
Recommendation 7.1			
“1. Board adopts a Code of Business Conduct and Ethics, which 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	The Company’s code of business and ethics is set forth in its Code of Conduct, Annex “E”, which Code provides standards for professional and ethical behavior. It also articulates acceptable and unacceptable conduct and practices in internal and external dealings of the Company.	
“2. The Code is properly disseminated to the Board, senior management and employees.”	Compliant	The Board properly disseminated the Code of Conduct to senior management and employees.	
“3. The Code is disclosed and made available to the public through the company website.”	Non-Compliant		The Code will be disclosed and made available to the public upon the completion of the Company’s website.
Recommendation 7.2			
“1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.”	Compliant	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics through the internal auditors.	
“2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.”	Compliant	The Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies through the internal auditors.	
“Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.”			
Recommendation 8.1			
“1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company’s financial condition, results and business operations.”	Compliant	The Company complies with the applicable disclosure policies and procedures by the Commission 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 and business operations.	
Recommendation 8.3			
“1. Board fully discloses all relevant and material information on individual board	Compliant	The Company complies with the applicable disclosure policies and procedures by the Commission to fully	



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.”		disclose all relevant and material information on individual Directors and Officers to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.”	
“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.”			
Recommendation 8.4			
“1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.”	Compliant	The Company complies with the applicable disclosure policies and procedures by the Commission to clearly disclose its policies and procedure for setting Board and executive remuneration, and the level and mix of the same.	
“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.”			
“3. Company discloses the remuneration on an individual basis, including termination and retirement options.”	Compliant	The Company complies with the applicable disclosure policies and procedures by the Commission but balances the need to keep private sensitive information with the need to disclose the remuneration, termination, and/or retirement of individuals.	
Recommendation 8.5			
“1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.”	Compliant	The Company complies with the applicable disclosure policies and procedures, including, but not limited to, disclosure policies on RPTs, and other unusual or infrequently occurring transactions.	
“2. Company discloses material or significant RPT in its Annual Company Report or Annual Corporate	Non-Compliant		The Company will disclose material or significant RPTs, if any, in its next Annual Company Report, or Annual Corporate Governance Report.

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority of vote of the stockholders in the annual stockholders' meeting during the year."			
Recommendation 8.7			
"1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG)."	Compliant	The current MCG sets forth the Company's corporate governance policies, programs and procedures.	
"2. Company's MCG is posted on its company website."	Non-Compliant		The Company is constructing and completing its website.
"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	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors in that it thoroughly reviews the work of the external auditors, and such appointment, reappointment, removal, and fees of the external auditors are approved by the Board, and ratified by the shareholders.	
"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."			
"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	Since the Company has no securities listed in any exchange, it complies with the relevant rules of the SEC, and the Insurance Commission on disclosure, to those Commissions, of matters regarding its external auditor. However, it is not required to make the same available to the public.	
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	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will consider a draft charter of its Audit Committee.



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.”			
“2. Audit Committee Charter contains the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.”	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will consider a draft charter of its Audit Committee.
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	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.3, first sentence, “The Company shall disclose the nature of non-audit services performed by its external auditor in the annual report to deal with the potential conflict of interest.”	
“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	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.3, second sentence, “The Audit Committee shall be alert for any potential conflict of interest situations and follow guidelines or policies on non-audit services that could impair the external auditor’s objectivity.”	
“Principle 10: The company should ensure that 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	Since the Company has no securities listed in any exchange, it complies with the relevant rules of the SEC, and the Insurance Commission on disclosure, to those Commissions, of non-financial information. However, it is not required to make the same available to the public.	
“2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.”	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will consider whether or not it will, as an insurance brokerage company, commission a sustainability report.
“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			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“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	The Company has a website at <a href="http://www.aibc.alcantaragroup.com">www.aibc.alcantaragroup.com</a> , but as its shares are not listed in any exchange, so it does not hold media and analysts’ briefings.	
Internal Control System and Risk Management Framework			
“Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.”			
Recommendation 12.1			
“1. Company has an adequate and effective internal control system in the conduct of its business.”	Compliant	The Board has, in the conduct of Company’s business: (a) an adequate and effective internal control system; and (b) an adequate and effective internal control system, consisting of a thorough review of the Company’s performance at every meeting of the Board or management committee.	
“2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.”			
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	The Company has in place an independent internal and in-house audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company’s operations.	
Recommendation 12.3			
“1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.”	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will consider whether or not it will appoint an audit executive.
“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.”			
“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	Since the Company has in place an independent internal and in-house audit activity, this conditional recommendation is not applicable.	
Recommendation 12.4			
“1. Company has a separate risk management function to identify, assess	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will consider whether or not it will appoint



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
and monitor key risk exposures.”			a risk officer.
Recommendation 12.5			
“1. In managing the company’s Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).”	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will consider whether or not it will appoint a risk officer.
“2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.”			
Cultivating a Synergic Relationship with Shareholders			
“Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.”			
Recommendation 13.1			
“1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.”	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will adopt a new manual that restates the basic shareholders rights.
“2. Board ensures that basic shareholder rights are disclosed on the company’s website.”	Non-Compliant		The Board will restate the basic shareholders rights in the Company’s website.
Recommendation 13.2			
“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	At the end of each calendar year, management notifies all shareholders of the dates of the meetings of the shareholders and the board for the succeeding calendar year, which notice is more than 21 days before any meeting.	
Recommendation 13.3			
“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.”	Non-Compliant		Since the Company has no securities listed in any exchange, it complies with the relevant rules of the SEC, and the Insurance Commission on votes taken during shareholder meetings. However, it is not required to make the same available to the public.
“2. Minutes of the Annual and Special Shareholders’ Meetings were available on the company website within five business days from the end of the meeting.”	Non-Compliant		Since the Company has no securities listed in any exchange, it complies with the relevant rules of the SEC, and the Insurance Commission on minutes of the shareholder meetings. However, it is not required to make the same available to the public.
Recommendation 13.4			
“1. The Board has an alternative dispute mechanism to resolve intra-corporate	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will adopt a new manual with an alternative

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
disputes in an amicable and effective manner.”			dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
“2. The alternative dispute mechanism is included in the company’s Manual on Corporate Governance.”	Non-Compliant		The Board will hold its regular meeting in August 2021, during which it will adopt a new manual with an alternative dispute mechanism
Duties to Shareholders			
“Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders’ rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.”			
Recommendation 14.1			
“1. Board identifies the company’s various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.”	Compliant	The Company’s shareholders are each of the Directors, Niacor Corporation, Trusto Corporation, Edicon Corporation, Roscal Corporation, and Alecal Corporation. The Company’s policies and programs for its shareholders are set forth in the relevant laws, jurisprudence, the Company’s articles, and by-laws, as amended, and the rules and regulations of the SEC.	
Recommendation 14.2			
“1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.”	Compliant	The Company’s policies and programs for the protection and fair treatment of its stakeholders are set forth in the Revised Corporation Code, other relevant laws, jurisprudence, the Company’s articles, and by-laws, as amended, and the rules and regulations of the SEC.	
Recommendation 14.3			
“1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.”	Compliant	The Board has a transparent framework and process to allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights: (a) a dedicated e-mail address <a href="mailto:corporategovernance@alcantaragroup.com">corporategovernance@alcantaragroup.com</a> , where stakeholders can report anonymously, if desired; and (b) reporting to a supervisor, a manager at the higher level, or in the Office of the President, or others as specified in the individual policies.	
“ 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	Compliant	The Board complies with the Revised Corporation Code, sec. 22, in that unless otherwise provided in the said Code, the Board: (1) exercises all corporate powers; (2) conducts all business; and (3) holds all property of the	



Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
governance.”		Company. Thus, the Board is ultimately responsible for establishing policies, programs and procedures that encourage employees to actively participate in the realization of the Company’s goals and in its governance.	
<b>Recommendation 15.2</b>			
“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	The Board adopted an anti-corruption policy and program in its Code of Conduct, Annex “E”, thereby setting the tone and making a stand against corrupt practices.	
“2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.”	Compliant	Through the Group’s Human Resources Department, the Board disseminates its Code of Conduct to employees of the Group through training sessions to embed the same in the culture of the employees of the Group and, if any, of the Company.	
<b>Recommendation 15.3</b>			
“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.”	Non-Compliant		The Board will establish a suitable framework for whistleblowing that allows employees to: (1) freely communicate their concerns about illegal or unethical practices, without fear of retaliation; and (2) have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.
“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.”			
“3. Board supervises and ensures the enforcement of the whistleblowing framework.”	Non-Compliant		Once it establishes the said suitable framework, the Board will supervise and ensure the enforcement of the same.
<b>“Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.”</b>			
<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	As an insurance brokerage, the Company does recognize the interdependence of business and society, and promotes – where it can - a mutually beneficial relationship that allows the Company to grow its business while contributing to the advancement of society.	

Parañaque City, \_\_ July 2021



**Nicasio I. Alcantara**  
Chairman of the Board, President, and Chief  
Executive Officer



**Angel M. Esguerra, III**  
Corporate Secretary, and Compliance Officer



**Ramon T. Diokno**  
Independent Director

SUBSCRIBED AND SWORN to before me on this JUL 27 2021 2021 at Parañaque City , affiants having exhibited to me competent evidence of their respective identity consisting of the following, with their respective photograph and signature.

Name	Competent evidence of identity	Place of Issue/Date of Issue or Expiry
Nicasio I. Alcantara	Passport P2285039A	DFA Manila/3.12.2022
Ramon T. Diokno	TIN 117 434 707	BIR
Angel M. Esguerra, III	Passport P0613698A	DFA NCR South/10.11.2021



**ATTY. VILMA HILDA VILLANUEVA-FABELLA**  
NOTARY PUBLIC

Until December 31, 2020

IBP No. 101004/1-03-2020/PPLM

PTR No. 2216225/1-02-2020/Parañaque; Roll No. 41901

Not. Com. No. 119-2019/1-07-2019

55 Molave Ave., Merville, Parañaque City

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Alsons Insurance Brokers Corporation  
Annexes to the Annual Corporate Governance Report

**Annex “A”**

1. The academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of the directors

**Nicasio I. Alcantara**, 78, Filipino, became the Chairman of the Board of Directors effective March 1, 2021. He previously led ACR as Chairman and President from 1995 to 2001. He is the Chairman and President of ACR Mining Corporation, Alsons Development and Investment Corporation, Sarangani Agricultural Company, Inc., Conal Holdings Corporation, Alsons Thermal Energy Corp., Alto Power Management Corp., and many other subsidiaries under the Alcantara Group. He is the Chairman of the Board of SITE Group International, Ltd.

Mr. Alcantara is the Vice-Chairman of Aviana Development Corporation. Currently, he is a Director of Seafront Resources Corporation, The Philodrill Corporation, Enderun Colleges, Inc., Sagittarius Mines, Inc. and Phoenix Petroleum Philippines, Inc.

Prior to this, Mr. Alcantara held the position of Chairman and President in various corporations, namely, Petron Corporation, Igan Cement Corporation, Alsons Cement Corporation, Northern Mindanao Power Corporation and Refractories Corporation of the Philippines. He was also the Chairman of Alsons Prime Investments Corporation until recently and served as Director of Bank One Savings, Bancasia Capital Corporation, C. Alcantara & Sons, Inc. and Alsons Corporation. Until May 2021, he served as the Chairman of both the Corporate Governance Committee and Related Party Transactions Committee of BDO Private Bank, Inc. and a member of the Bank's Audit Committee.

Mr. Alcantara holds a Masters degree in Business Administration (MBA) from Sta. Clara University, California, and a Bachelor of Science degree in Business Administration from the Ateneo de Manila University.

**Tomas I. Alcantara**, 74, Filipino, was the Chairman of the Board of Directors and the President of the Company until February 28, 2021. He opted to retire as the Company's chairman effective March 1, 2021. He holds a Bachelor of Science degree in Economics from the Ateneo de Manila University and a Masters in Business Administration (MBA) from Columbia University, and he attended the Advanced Management Program (AMP) of the Harvard Business School.

Mr. Alcantara remains as a Director of the Company along with other companies in the Alcantara Group. He is also the Chairman of Holcim Philippines, Inc. since November 2014, Alsons/AWS Information Systems, Inc. (AASI) since 2001, and Eagle Ridge Golf & Country Club since 2000. He is a Trustee of the European IT Service Center Foundation since August 2002 and of the Foundation for Revenue Enhancement since August 2004.

Mr. Alcantara served as Undersecretary for the Industry & Investment Group of the Department of Trade and Industry, the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995, and the Special Envoy of the Philippine President to Asia Pacific Economic Cooperation (APEC) forum in 1996. He was also the Chairman of the Board of Directors and the President of Holcim Manufacturing Corporation (formerly Alsons Cement Corporation) from May 1997 to July 2003 and has served as a Director of that company since 1997. He was a Member of the Advisory Board of Rizal Commercial Banking Corporation (RCBC) from April 1997 to June 2007. Mr. Alcantara served as a Director of Philippine Reclamation Authority (formerly Public Estate Authority) from 2003 to April 2006 and Chairman of the Manila Economic & Cultural Office (MECO) from March 2001 to August 2010.

**Editha I. Alcantara**, 72, Filipino, has served as Director of the Company since its incorporation in 1972. She holds a Business Administration degree from Maryknoll College and an MBA from Boston College. Ms. Alcantara became the President of C. Alcantara and Sons, Inc. in 1992 after serving as the Treasurer of that company. Presently, she is a Director (since 1980) and the Treasurer (since October 2000) of other companies in the Alcantara Group.

She is also a Director of the Philippine Wood Producers Association (since May 16, 1980), and has served as a Trustee for the Philippine Business for the Environment, Inc. since July 1995 and as a Trustee of Miriam College since December 1998.

**Rosvida Alcantara Dominguez**, 70, Filipino, has served as Director of the Company since its incorporation in 1972. She holds a Bachelor of Arts Degree in Business Administration and a Graduate Studies in Social Industrial Psychology from Ateneo de Manila University. She is the Executive Vice President - Chief Operating Officer & Acting Chief Executive Officer of Alsons Development & investment Corporation. Also a Director of C. Alcantara & Sons, Inc., Sarangani Agricultural Co., Inc., and Marco Polo Davao, Inc. She is the Vice President of Southern Philippines Foundation for the Arts, Culture & Ecology, from 1995 to present. A District Director for Eastern Mindanao of Soroptimist International of the Philippines Region, from 1992 to 1994. She has also served as the President of Soroptimist International Davao, from 1988 to 1990. She was a Member of the Board of Trustees of Association of Foundations, from 2004 to 2012 and of the University of Immaculate Conception. She was also a Member of the Board of Directors of Philippine National Red Cross – Davao City Chapter, from 1987 to 2005, and of the Philippine Centennial Movement – Davao City Chapter.

**Alejandro I. Alcantara**, 66, Filipino, has served as Director of the Company since shortly after its incorporation in 1972. He graduated from the Ateneo de Davao with a degree in Economics. Mr. Alcantara is the President of Aquasur Resources Corporation, Finfish Hatcheries, Inc., Sarangani Agriculture Company, Inc., Alsons Aquaculture Corporation, and of the other companies in the Alcantara Group. Mr. Alcantara also served as a Director and the Treasurer of the Federation of Cattle Raisers Association of the Philippines from 1997 to December 2009.

**Ramon T. Diokno**, 73, Filipino, has been a Director of the Company for more than 10 years. He holds an Economics and Accountancy degree from the De La Salle University and a Masters of Science in Management degree from the Massachusetts Institute of Technology.

Mr. Diokno is also the Chief Financial Officer of Lepanto Consolidated Mining Co., and its wholly-owned subsidiaries. He is currently also a Director of Alsons Consolidated Resources, Inc.

**Antonio Miguel B. Alcantara**, 37, Filipino, has been a Director of the Company for more than 10 years. He graduated with a degree in BSBA, Finance and Marketing at Northeastern University in Boston, MA. He recently completed his MBA at Babson College, F.W. Olin Graduate School of Business in Wellesley, MA where he finished with distinction as magna cum laude. Anton was Corporate Planning Officer of the Power Business Unit of the Alcantara Group of Companies, where he helped in diversifying the company's power generation portfolio. He is also the Project Director of Mapalad Partners, Inc.. In 2021, he was appointed the Chief Investment and Strategy Officer of Alsons Consolidated Resources, Inc., the Group's publicly-listed company.

2. As a policy, the stockholders would nominate and elect directors.



## Annex “B”

### Board Diversity Policy

Alsons Insurance Brokers Corporation (the “Company”) believes in diversity and values the benefits that diversity can bring to its Board of directors (the “Board”). Diversity promotes different perspectives and ideas, mitigates against groupthink and ensures that the Company has the opportunity to benefit from all available talent. A diverse Board makes prudent business sense and makes for better corporate governance.

The Company seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. The skills and backgrounds collectively represented on the Board should reflect the diverse nature of the business environment in which the Company and its subsidiaries operate. For purposes of Board composition, diversity includes, but is not limited to, business experience, geography, age, and gender. In particular, the Board should include an appropriate number of women directors.

The Company is committed to a merit based system for Board composition within a diverse and inclusive culture, which solicits multiple perspectives and views, and is free of conscious or unconscious bias and discrimination. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Company will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

The Company believes promotion of diversity is best served through careful consideration of all of the knowledge, experience, skills and backgrounds of each individual candidate for director in light of the needs of the Board without focusing on a single diversity characteristic and, accordingly, has not adopted targets regarding gender diversity on the Board.

The Company will periodically assess the expertise, experience, skills and backgrounds of its directors in light of the needs of the Board, including the extent to which the current composition of the Board reflects a diverse mix of knowledge, experience, skills and backgrounds, including an appropriate number of women directors.

Any search firm engaged to assist the Board or the Board or a committee of the Board in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates generally, and multiple women candidates in particular.

Women candidates for director will be included in the evergreen list of potential Board nominees.

Annually, the Board or a committee of the Board will review this policy and assess its effectiveness in promoting a diverse Board that includes an appropriate number of women directors.

## Annex “C”

### Nomination and Election Policy

Alsons Insurance Brokers Corporation (the “Company”), in compliance with Circular Letters N° 2020-71 and 2020-72 by the Insurance Commission (the “Commission”), hereby adopts this Nomination and Election Policy (the “Policy”).

#### 1. Acceptance of Nominations

- 1.1 Not later than thirty days before the annual stockholders’ meeting, or any special stockholders’ meeting for the election of one or more directors, any shareholder, including minority shareholders, may nominate a candidate or candidates for directors, whether regular or independent, in writing.
- 1.2 The nominating shareholder shall set forth in the nomination form: (a) the name of the nominee or nominees; and (b) all information that may be required by the Securities & Exchange Commission (the “Commission”) under its applicable rules, regulations and other issuances.
- 1.3 The nominating shareholder should sign the nomination form, and the nominated shareholder or shareholders should sign his/her conformity to his/her nomination.
- 1.4 The nominating shareholder should submit the signed and complete nomination form to the Nomination and Election Committee (the “Committee”).

#### 2. Review of Nomination Form

- 2.1 Upon receipt of any nomination form, the Committee shall review the form to determine whether it is complete.
- 2.2 If the Committee finds the form incomplete, they shall return it to the nominating shareholder who should complete the same and thereafter submit the completed nomination form to Committee not later than thirty days before the annual stockholders’ meeting.

#### 3. Assessment of Nominees

- 3.1 Upon receipt of a complete nomination form, the Committee shall review and evaluate the qualifications of all persons nominated to the Board, including whether each candidate possesses:
  - (a) The knowledge, skills, experience, and independence of mind;



- (b) A record of integrity and good repute;
  - (c) Sufficient time to carry out their responsibilities; and
  - (d) The ability to promote a smooth interaction between directors.
- 3.2 The Committee will also review and evaluate the qualifications of all persons nominated to the Board as Independent directors, including whether each candidate possesses the qualifications of such a director.
- 3.3 The Committee will then assess whether each candidate is qualified, with the following being the grounds for the permanent disqualification of a director:
- (a) Conviction by final judgment or order of any court or administrative body of competent jurisdiction of any crime that: (A) involves the purchase or sale of securities, as defined in the Securities Regulation Code; or (B) arises out of (1) the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund, dealer, futures commission merchant, commodity trading advisor, or floor broker or (c) his/her fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
  - (b) Permanently enjoined, by reason of misconduct, after hearing, by a final judgment or order of the Commission, *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 investment Company; (c) engaging in or condoning any conduct or practice in any of the capacities mentioned in (a) and (b) above, or willfully violating the laws that govern securities and banking activities;
  - (c) Being: (a) the subject of an order of the Commission, BSP or any court or administrative body of competent jurisdiction denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or under any rule or regulation issued by the Commission or BSP; (b) otherwise restrained to engage in any activity involving securities and banking; or (c) the subject of an effective order of a self-regulatory company suspending or expelling him/her from membership, participation or association with a member or participant of the company;
  - (d) Conviction by final judgment or order by any court or administrative body of competent jurisdiction of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - (e) Being adjudged by final judgment or order of the Commission, BSP, any court or administrative body of competent jurisdiction to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the Commission or BSP;

- (f) Being judicially declared as insolvent;
- (g) Being found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- (h) Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his/her election or appointment; and

4. Final List of Nominees

- 4.1 After reviewing, evaluating, assessing and screening the nominees for regular and independent directors, the Committee shall prepare a final list of candidates for regular and independent directors (the “Final List”) and the information required by the Commission.
- 4.2 The Committee shall cause: (a) the Final List; (b) the related information required by the Commission; (c) the nominating stockholder or stockholders of each candidate; and (d) the relation of each nominating stockholder to the candidate to be made available to the Commission and all stockholders through the filing and distribution of the Company’s information or proxy statement, or a supplement thereto.
- 4.3 Only nominees for independent directors appearing in the Final List shall be eligible for election as independent directors. After the Final List is prepared and submitted to the Commission and the stockholders, the Committee shall not entertain any other nominations for independent directors. At the annual or special shareholders’ meeting, the Chairman shall not entertain or allow further nominations for independent directors from the floor.

5. Election of Directors

- 5.1 At the annual or special shareholders’ meeting, the Chairman shall inform the stockholders in attendance of the mandatory requirement of electing independent directors.
- 5.2 At the annual or special shareholders’ meeting, if a stockholder in attendance, or an authorized proxy holder, nominates from the floor another stockholder as a regular director, the nominating stockholder or his proxy holder shall state his/her name and relation to the nominee. The Company shall immediately verify whether the nominee for regular director nominated on from the floor is a stockholder of the Company.
- 5.3 At the election for the directors, stockholders in attendance, in person or by proxy, may cast votes in favor of the nominees for regular director nominated on from the floor provided that such nominees are stockholders of the Company.



- 5.4 Should any nominee for regular director nominated on from the floor be elected a director, the Committee shall review and evaluate the qualifications of such nominee, and assess whether he/she is qualified. Such nominee shall take his/her seat in the Board only after the Committee conducts a review, evaluation and/or assessment, and find the said nominee duly qualified as a regular director of the Company.
6. Temporary Disqualification
- 6.1 After each election of directors, the Committee monitor the qualifications of the directors, with following being the grounds for temporary disqualification of a director:
- (a) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
  - (b) Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he/she has cleared himself/herself from any involvement in the cause that gave rise to his/her dismissal or termination;
  - (c) If the beneficial equity ownership of an Independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) or its subscribed capital stock. The disqualification from being elected as an Independent director is lifted if the limit is later complied with; and
  - (d) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- 6.2 If the Committee finds any ground for the temporary disqualification of a director, they shall so inform the Board, who shall decide, after due notice and hearing, whether the director or directors against whom there exists a ground for temporary disqualification, should be disqualified.

## Annex “D”

### Related Party Transaction Policy

#### Policy Statement

This policy ensures that all transactions by and between a related party (as defined below) of Alsons Insurance Brokers Corporation (the “Company”) and its affiliates are properly identified and reviewed to ensure that Related Party Transactions (as defined below) are properly approved and disclosed. Such transactions are appropriate only if the best interest of the Company and its stockholders are secured.

#### DEFINITIONS

For the purpose of this policy, the following definition of terms shall apply:

Related Party means a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

Related Party Transactions means a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Material Related Party Transaction means any related party transactions determined by the Audit Committee to be potentially or actually significant to the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- a. that person's children and spouse or domestic partner;
- b. children of that person's spouse or domestic partner; and
- c. dependents of that person or that person's spouse or domestic partner.

Fair and at arm's length term refers to transactions in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

#### GUIDELINES

1. In accordance with applicable regulations, details of the Company's Related Party Transactions shall be disclosed in the Company's Financial Statements of the Annual Reports.



2. All proposed Related Transactions will be disclosed to the Audit Committee of the Board and all transactions will be reviewed and approved by the committee to ensure that a conflict of interest does not exist or that an improper assessment of such transaction is not made and that all information necessary is properly documented.
3. Review, approval and disclosure of related party transactions are required to ensure that they are fair, on “arm's length” terms, and in the best interest of the Company and its shareholders, as a whole. Material related party transactions are reviewed by the Audit Committee, which is composed of the Chairman and two (2) members, all of whom are independent directors, and subject to the approval by the Board and, as applicable, the shareholders.
4. Each director and officer shall promptly notify the Audit Committee of any potential Related Party Transactions involving the company and a Related Party. The notice shall include a complete description of the related Party Transaction including:
  - the name of the Related Party and the basis on which the persons a Related Person;
  - the Related Party's interest in the Related Party Transaction with the Company, including the Related Party's position(s) or relationship(s) with, or ownership in, a firm, corporation, or other entity that is a party to, or has an interest in, the Related Party Transaction;
  - the parties to the Related Party Transaction, and if the Company is not a party, then the nature of the Company's participation in the Related Party Transaction;
  - the approximate value or the amount involved in the Related Party Transaction;
  - the approximate value or the amount of the Related Party's interest in the Related Party Transaction, which shall be computed without regard to the amount of the profit or loss;
  - the purpose and timing of the Related Party Transaction; and,
  - any other information regarding the Related Party Transaction or the Related Party in the context of the transaction that could be material to investors in light of the circumstances of the particular transaction.

**Annex “E” - Code of Conduct**

## CODE OF CONDUCT<sup>1</sup>

The Code of Conduct was promulgated to uphold the Company's values on excellence in everything we do, honesty and integrity, and respect for every individual. It also enables those comprising the Group to work together as a cohesive and competent team deeply committed to duty and responsibility.

### 1. CLASSES OF OFFENSES

Violations against company policies, rules and regulations subject to disciplinary actions are classified as offenses concerning:

1.1 Conduct of Behavior

1.2 Security and Property

### 2. TYPES OF DISCIPLINARY ACTIONS

Disciplinary measures are imposed in progressively increasing weight whenever violations are committed against the prescribed policies, rules and regulations. A running period of ONE (1) calendar year will be the basis for computing and imposing applicable penalties for repeated/recurring violations.

#### 2.1 Verbal Reprimand

Verbal admonition for minor violation committed with a reminder that repetition of the offenses will be dealt with more severely.

#### 2.2 Written Reprimand

Written reprimand for repeating an offense in which a verbal reprimand was previously given, or for the commission of a more serious violation which requires stronger disciplinary actions that need not be preceded by a verbal reprimand.

#### 2.3 Suspension

Written notice of temporary lay-off without pay and suspension of benefits for committing serious to major offenses

#### 2.4 Dismissal

Termination of an employee's services for just cause.

#### 2.5 Other types of Disciplinary Actions

Management has the prerogative to impose appropriate disciplinary action depending on mitigating or aggravating circumstances.

<sup>1</sup> Section III of the Alcantara Group Corporate Office Employee Handbook, v-07.01.12, pages 23 -36



### 3. PROGRESSIVE DISCIPLINARY ACTION FOR REPEATED OFFENSES

#### 3.1 Minor Offenses

- 1<sup>st</sup> offense - Verbal reprimand
- 2<sup>nd</sup> offense - Written Warning
- 3<sup>rd</sup> offense - 3 days maximum suspension
- 4<sup>th</sup> offense - 10 days maximum suspension
- 5<sup>th</sup> offense - 15 days maximum suspension
- 6<sup>th</sup> offense - Dismissal

#### 3.2 Serious Offenses

- 1<sup>st</sup> offense - Written warning or 3 days suspension
- 2<sup>nd</sup> offense - 10 days maximum suspension
- 3<sup>rd</sup> offense - Dismissal

#### 3.3 Major Offenses

- 1<sup>st</sup> offense - 15 days maximum suspension or dismissal
- 2<sup>nd</sup> offense - Dismissal

*If offenses result to loss to the Company, the employee shall pay the cost of damages or replacement.*

### 4. GUIDELINES FOR IMPLEMENTING DISCIPLINARY ACTIONS

- 4.1 Line managers are held responsible for the strict implementation of the Code of Conduct.
- 4.2 Due process must be followed, i.e., employees should be given a chance to explain prior to the imposition of disciplinary action.
- 4.3 The immediate superior will impose the disciplinary action.
  - 4.3.1 Employees for suspension will be informed in writing of the Company's decision.
  - 4.3.2 A copy of the written warning with the employee's signature acknowledging receipt of the penalty will be filed in employee's 201 file. It will be a factor in evaluating the employee's performance within that rating period.
  - 4.3.3 Disciplinary action resulting to suspension shall be served in whole and will not be divided into segments several days apart (i.e. penalty of "six (6) days suspension" must be served continuously and not in segments of two (2) suspensions of three days each, or any other combination of days).
  - 4.3.4 The period of limitation of prescription is within 12 months from the date of the first offense.

## 5. LIST OF OFFENSES SUBJECT TO DISCIPLINARY ACTION

### 5.1 MINOR OFFENSES

#### Disciplinary Action

- 1<sup>st</sup> offense : Verbal warning
- 2<sup>nd</sup> offense : Written warning
- 3<sup>rd</sup> offense : 3 days maximum suspension
- 4<sup>th</sup> offense : 10 days maximum suspension
- 5<sup>th</sup> offense : 15 days maximum suspension
- 6<sup>th</sup> offense : Dismissal

*(Note: Where the offense result to loss to the Company, the employee shall pay the cost of damages or replacement)*

#### 5.1.1 Conduct & Behavior

- 5.1.1.1 Improper office attire or failure/refusal to wear the prescribed company uniform and I.D
- 5.1.1.2 Failure to time in/out or swipe own time card
- 5.1.1.3 Failure to carry out instructions of a person in authority
- 5.1.1.4 False and/or malicious statements about the company, its employee or clients
- 5.1.1.5 Any conduct on company time which violates common decency, including:

- Creating or contributing to public disturbance such as engaging in horseplay, running, shouting during office hours or within company premises.
- Fighting, verbal abuse during office hours and/ or within company premises.

- 5.1.1.6 Doing personal work or engaging in private business during work hours
- 5.1.1.7 Misuse of internet/email for activities that interface with job responsibilities
- 5.1.1.8 Leaving work areas or company premises during working hours without permission
- 5.1.1.9 Sleeping, loitering or abandoning place of work during office hours
- 5.1.1.10 Gambling within Company premises
- 5.1.1.11 Causing material wastage due to carelessness
- 5.1.1.12 Accident with injury due to negligence
- 5.1.1.13 Unauthorized posting, altering or removing any matter on bulletin boards or company property
- 5.1.1.14 Failure to undergo the required physical examination
- 5.1.1.15 Other acts similar to the above that may be determined by the Company



### 5.1.2 Security & Property

- 5.1.2.1 Requisition and use of Company supplies for personal use
- 5.1.2.2 Misuse of telephone, which would include its use for unnecessary personal incoming and outgoing calls during and after office hours
- 5.1.2.3 Misuse of the internet/email for personal gain or profit
- 5.1.2.4 Unauthorized use of the internet/email facility, e.g., downloading unauthorized software; unauthorized installation of new software
- 5.1.2.5 Failure to properly secure office equipment and/or machines and company records at the close of work hours
- 5.1.2.6 Failure to use or wear required or authorized personal protective equipment when working
- 5.1.2.7 Vandalism, posting, altering or removing any matter on bulletin boards, or other designated areas unless specifically authorized
- 5.1.2.8 Accident due to negligence with damages or cost to company amounting to less than P1,000
- 5.1.2.9 Other acts similar to the above that may be determined by the Company

## 5.2 SERIOUS OFFENSES

### Disciplinary Action

- 1<sup>st</sup> offense : Written warning OR  
3 days maximum suspension
- 2<sup>nd</sup> offense : 10 days maximum suspension
- 3<sup>rd</sup> offense : Dismissal

(Note: Where the offense result to loss to the Company, the employee shall pay the cost of damages or replacement)

### 5.2.1 Conduct & Behavior

- 5.2.1.1 Timing in/out for another employee (e.g swiping another employee's ID/timecard in the time recorder/bundy clock)
- 5.2.1.2 Unauthorized altering of one's ID/ timecard/time record or that of another employee's ID/timecard/time record
- 5.2.1.3 Harassment, threatening, intimidating, coercing, or assaulting fellow employees within the company premises
- 5.2.1.4 Use of offensive verbal or written remarks, lewd language against other persons
- 5.2.1.5 Misuse of authority or abuse of position to gain profit or advantage from employees under his supervision or control

- 5.2.1.6 Refusal to cooperate with a superior or officer in the performance of their duties or failure to do or neglecting to perform assigned work
- 5.2.1.7 Drinking alcohol or taking prohibitive drugs within Company premises
- 5.2.1.8 Reporting for work under the influence of intoxicating beverage or prohibitive drugs
- 5.2.1.9 False or fraudulent statements, written or knowingly withholding verbal or information, document or record in his possession and control during Company investigation
- 5.2.1.10 Publishing or publicly disseminating false or malicious statements about the Company, its employees or clients
- 5.2.1.11 Posting or downloading internet/email messages that are obscene, profane, threatening, harassing (racially, sexually or otherwise), defamatory, disruptive that will reflect poorly on the Company's name or reputation
- 5.2.1.12 Failure to report a serious contagious disease that may endanger other employees
- 5.2.1.13 Other acts similar to the above as may be determined by the Company

## 5.2.2 Security and Property

- 5.2.2.1 Accident due to negligence with damage to Company property amounting to over P1,000.00
- 5.2.2.2 Misuse of Company property or causing damage or loss of property
- 5.2.2.3 Failure to report an accident involving a company vehicle
- 5.2.2.4 Misuse or unauthorized access of the Company's internet/email facility resulting to the interference of the internet/email firewall or disruption of the internet/email service
- 5.2.2.5 Other acts similar to the above as may be determined by the Company

## 5.3 MAJOR OFFENSES

### Disciplinary Action

1<sup>st</sup> offense : 15 days maximum suspension  
OR dismissal

2<sup>nd</sup> offense : Dismissal

(Note: Where the offense result to loss to the Company, the employee shall pay the cost of damages or replacement)



#### 5.3.1 Conduct of Behavior

- 5.3.1.1 Gross insubordination or disrespect to superiors
- 5.3.1.2 Betrayal of confidential information
- 5.3.1.3 Fraud or willful breach of trust in the conduct of the job
- 5.3.1.4 Using the internet/email for unauthorized access or release of confidential and/or restricted information
- 5.3.1.5 Using the internet/email to advertise or otherwise support unauthorized or illegal activities
- 5.3.1.6 Falsifying forging or altering official documents or Company records (including documents related to employment application or during course of employment)
- 5.3.1.7 Convincing with fellow employees or outsiders in falsifying, forging or altering Company records and/or official documents
- 5.3.1.8 Theft (whether consummated, attempted or frustrated) of Company or other employee's property/funds; malversation of Company funds
- 5.3.1.9 Illegal possession of firearms or other prohibited and dangerous items

- 5.3.1.10 Bringing in, possessing, selling or use of illegal drugs or unprescribed habit forming drugs or illegal drug paraphernalia within Company premises
- 5.3.1.11 Inciting, participating or intimidating others to participate in illegal concerted work stoppage, slowdown or other similar disruptive activities
- 5.3.1.12 Causing willful physical injury to any employee within the Company premises at anytime
- 5.3.1.13 Committing a criminal offense or a crime involving moral turpitude
- 5.3.1.14 Accepting other employment or engaging in business that may result in conflict of interest or competing antagonistic business
- 5.3.1.15 Offenses amounting to sexual harassment
- 5.3.1.16 Demanding, obtaining or accepting any sum of money, gifts or anything of value in consideration of any of the following:
  - For entering into arguments with suppliers, clients, or other third parties
  - For preferential treatment, unfair advantage or personal gain
  - For any act of service connected with the performance of one's duties and responsibilities

5.3.1.17 Other acts similar to the above as may be determined by the Company

#### 5.3.2 Security and Property

- 5.3.2.1 Stealing, misappropriating, embezzling, damaging, destroying or substituting Company funds of property
- 5.3.2.2 Fraudulent, illegitimate or unauthorized possession, use withdrawal, acquisition or release of Company funds or property to other persons
- 5.3.2.3 Gross negligence or deliberate failure to follow instructions, established procedures, resulting in loss or damage to company property
- 5.3.2.4 Unauthorized removal from Company premises, concealing or deliberately misplacing Company property
- 5.3.2.5 Willful withholding and causing others to withhold due notification if known and needed information to persons concerned, resulting in loss or damage to Company property
- 5.3.2.6 Failure to report within a reasonable time, probable or actual loss or destruction of Company property

- 5.3.2.7 Operating, using, meddling with, tampering or impeding the proper use of machines, tools, equipment, vehicles and facilities which the employee has no authority to operate, use or otherwise have access to
- 5.3.2.8 Falsification of documents, padded receipts for reimbursement or liquidation of advances
- 5.3.2.9 Possession of firearms, explosive and/or deadly weapons within the Company premises at anytime without proper authorization
- 5.3.2.10 Other acts similar to the above as may be determined by the Company