



CARITAS LIFE
INSURANCE CORPORATION

Caritas Life Insurance Corporation

Corporate Governance Manual

Approved by the Board on 22 Jun 2016



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I. INTRODUCTION

This Manual shall be known as the ***Corporate Governance Manual of Caritas Life Insurance Corporation (CLIC)***.

It shall serve as reference or guide for the Corporation in the implementation of Securities and Exchange Commission (SEC) Memorandum Circular No. 6 s2009 “Revised Code of Corporate Governance” as amended by SEC Memorandum Circular No. 9 s2014 and other relevant references.

The Board of Directors (the Board), Management and Officers of the Corporation hereby commit themselves to the principles and practices contained in this Manual and acknowledge that the same will guide them in the performance of their respective duties and responsibilities to stockholders and other stakeholders and in the development and achievement of CLIC’s corporate goals.

This manual shall be available for inspection by any stockholder of CLIC at its principal office during reasonable hours on business days.

II. DEFINITION OF TERMS¹

<i>Corporate Governance</i>	the framework of rules, systems and processes in the Corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates ² ;
<i>Board of Directors</i>	the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties;
<i>Management</i>	the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation;
<i>Independent Director</i>	a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonable be perceived to, materially interfere with his exercise of independent judgment in carry out his responsibilities as a director.
<i>Executive Director</i>	a director who is also the head of a department or unit of the Corporation or performs any work related to its operation.

¹ SEC Memo Cir. No. 6, s2009

² As amended by SEC Memo Cir. No. 9, s2014



Non-executive Director

a director who is not the head of a department or unit of the Corporation nor performs any work related to its operation;

Non-audit work

the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology, outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;

Internal Control

the system established by the Board of Directors and Management for the accomplishment of the corporation's objectives, the efficient operation of its business, the reliability of its financial reporting and faithful compliance with applicable laws, regulations and internal rules;

Internal Audit Department

a department or unit of the Corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the Corporation's operations;

Internal Auditor

the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

III. GOVERNANCE STRUCTURE

A. Board of Directors

1. Composition of the Board³

The Board shall be composed of fifteen⁴ (15) members, at least three (3) of whom are independent directors, who are elected by the stockholders.

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

³ SEC Memo Cir. No. 6, s2009

⁴ CLIC Articles of Incorporation



2. Responsibilities, Duties and Functions of the Board⁵

2.1. General Responsibility

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders⁶.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

2.2. Specific Duties and Functions

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- a. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.
- b. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- c. Ensure the Corporation's faithful compliance with all applicable laws, regulations and codes of best business practices;
- d. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or chief financial officer shall exercise oversight responsibility over this program;
- e. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
- f. Adopt a system of internal checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the

⁵ SEC Memo Cir. No. 6, s2009

⁶ SEC Memo Cir. No. 9, s2014



integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness;

- g. Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability;
- h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- i. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- j. Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities;
- k. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration;
- l. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation, By-Laws, and in accordance with existing laws, rules and regulations.
- m. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

2.3. Internal Control Responsibilities of the Board⁷

The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including

⁷ SEC Circular No. 6, s2009



the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- a. The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - 1) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls;
 - 2) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - 3) Evaluation of proposed senior management appointments;
 - 4) Selection and appointment of qualified and competent management officers; and
 - 5) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- b. The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- c. A corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing

3. Stockholders' Rights and Protection of Minority Stockholders' Interests

The Corporation recognizes that the most cogent proof of good governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and its investors:

- 3.1. The Board shall be committed to respect the rights of the stockholders as provided for in the Corporation Code, namely:
 - a. Right to vote on all matters that require their consent or approval;



b. Pre-emptive right to all stock issuances of the corporation;

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

c. Right to inspect corporate books and records;

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

d. Right to information;

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

e. Right to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a.) when justified by definite corporate expansion projects or programs approved by the Board; or b.) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c.) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

f. Appraisal Right

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



- 1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- 2) In case of sale, lease, exchange, transfer, mortgage, pledge or their disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- 3) In case of merger or consolidation, it shall be the duty of Directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments. The shareholders shall participate in meetings and/or vote in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

3.2. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.



4. Board Meetings and Quorum Requirements⁸

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings but their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, the Corporation shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings through SEC Form 17-C.

A majority of the number of directors shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.⁹

B. Directors

1. Qualifications of a Director¹⁰

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- 1.1. College education or equivalent academic degree;
- 1.2. Practical understanding of the business of the corporation;
- 1.3. Membership in good standing in relevant industry, business or professional organizations; and
- 1.4. Previous business experience.

2. Independent Directors¹¹

2.1. Independent director includes, among others, any person who:

- a. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

⁸ SEC Memo Cir. No. 6, s2009

⁹ Art. 3, Sec. 6 of CLIC By-laws

¹⁰ SEC Memo Cir. No. 6, s2009

¹¹ SEC Memo Cir. No. 16, s2002



- b. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
- c. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
- d. Has not been employed in any executive capacity by that public Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;
- e. Is not retained as professional adviser by that public Corporation, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- f. Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a Corporation of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.

When used in relation to a Corporation subject to the requirements above:

- 1) Related Corporation means another Corporation which is: (a) its holding Corporation, (b) its subsidiary, or (c) a subsidiary of its holding Corporation; and
- 2) Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

2.2. Limits for Independent Directors¹²

- a. There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where an Independent Director can be elected to only five (5) companies of the conglomerate, i.e. parent Corporation, subsidiary or affiliate;
- b. Independent Directors can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the Independent Director position was relinquished or terminated.
- c. After completion of the five-year service period, an Independent Director shall be ineligible for election as such in the Corporation unless the

¹² SEC Memo Cir. No. 9, s2011



Independent Director has undergone a “cooling off” period of two (2) years, provided, that during such period, the Independent Director has not engaged in any activity that under existing rules disqualifies a person from being elected as Independent Director in the Corporation.

- d. An Independent Director re-elected as such in the Corporation after the “cooling off” period can serve for another five (5) consecutive years under the conditions mentioned in item 3.1 above.
- e. After serving as an Independent Director for ten (10) years, the Independent Director shall be perpetually barred from being elected as such, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate.

3. Specific Duties and Responsibilities of a Director¹³

A director’s office is one of trust and confidence. He shall act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

- 3.1. Conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director’s personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

- 3.2. Devote time and attention necessary to properly discharge his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Corporation’s business. He should be constantly aware of and knowledgeable with the Corporation’s operations to enable him to meaningfully contribute to the Board’s work. He should attend and actively participate in Board and committee

¹³ SEC Memo Cir. No. 6, s2009



meetings, review meeting materials and, if called for, ask questions or seek explanation.

3.3. Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

3.4. Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

3.5. Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of other regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

3.6. Observe confidentiality.

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

4. Election of Directors

The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.¹⁴

5. Disqualification of Directors¹⁵

5.1. Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:

1) involves the purchase or sale of securities, as defined in the Securities Regulation Code;

¹⁴ Art. III, Section 2, CLIC By-laws

¹⁵ SEC Memo Cir. No. 6, s2009



- 2) arises out of 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
 - 3) arises out of his fiduciary relationship with a bank, quasi-bank, trust Corporation, investment house or as an affiliated person of any of them;
- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:
- 1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
 - 2) acting as director or officer of a bank, quasi- bank, trust Corporation, investment house, or investment Corporation;
 - 3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs 1) and 2) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body 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 Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body 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 administered by the Commission or BSP, or any of its rule, regulation or order;
- e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;



- f. Any person judicially declared as insolvent;
- g. Any person 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 in subparagraphs (a) to (e) above;
- h. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

5.2. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- b. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- c. Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- d. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent



6. Removal Procedures¹⁶

- 6.1. A director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock.
- 6.2. The removal shall take place either at the regular stockholder's meeting or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the intention to propose such removal at the meeting.
- 6.3. The Corporate Secretary shall call a special meeting, on order of the President or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock for the purpose of removal of a director. Should the Corporate Secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting shall be addressed directly to the stockholders by any stockholder signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code of the Philippines. Removal may be with or without cause: provided that removal without cause may not be used to deprive minority stockholders the right of representation to which they may be entitled under Section 24 of the Corporation Code of the Philippines.
- 6.4. A director removed from office is not eligible to seek re-election and/or be reappointed to the Board unless a written consent is obtained from stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock.

7. Vacancies in the Office of a Director¹⁷

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

The vacancy resulting from the removal of a director by the stockholders in the manner provided by laws may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice.

8. Corporate Governance Orientation¹⁸

Consistent with the national objective to institutionalize corporate accountability of insurers, all Directors/Trustees of insurance companies as well as Officers with a rank of Vice

¹⁶ Sec. 28 of the Corporation Code of the Philippines

¹⁷ Art. 2, Sec 3, CLIC By-laws

¹⁸ IC Circular No. 12, s2004



President and up are required to attend a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Insurance Commission.

Such requirement must be completed within the first six (6) months of the Directors/Officers' assumption to office and with the corresponding proof of compliance furnished the Insurance Commission.

9. Multiple Board Seats¹⁹

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer (CEO) and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

Service on too many boards can interfere with the performance of board members. A director shall exercise due discretion in accepting and holding directorships outside of the Caritas Group. A director may hold a maximum of five (5) directorships outside of the Caritas Group provided that, in the director's opinion, these other positions do not detract from the director's capacity to diligently and efficiently perform his duties and responsibilities as a director of the Corporation.

10. Reportorial Requirements

10.1. Bio-Data of Directors and Officers²⁰

The Corporation shall submit to the Insurance Commission the bio-data of the members of the Board of Directors within thirty (30) days after the election of the Director concerned.

A list of Officers, as defined in the Companies' by-laws, stating their respective positions and/or designations with their respective bio-data shall likewise be submitted to the Insurance Commission within thirty (30) days from their appointment/promotion.

Any subsequent change in the bio-data shall be submitted within thirty (30) days from the date when such change occurs.

¹⁹ SEC Memo Cir. No. 6, s2009

²⁰ IC Circular No. 35, s2006



10.2. List of Independent Directors and their Affidavits²¹

The Corporation shall submit the list of Independent Directors and their affidavits under oath stating that they have no business dealings with the Corporation within thirty (30) days after the election of the Independent Director.

10.3. GIS²²

A copy of the GIS shall likewise be furnished to the Insurance Commission within five (5) days from submission to the SEC.

10.4. Certificate of Attendance of Corporate Governance Orientation

The Corporation shall submit the Certificate of Attendance of Officers and members of the Board in a program on Corporate Governance conducted by training providers duly accredited by the Insurance Commission within ten (10) working days from the completion of the program.

C. Duties and Responsibilities of the Chairman of the Board and the President

The roles of Chair and CEO should be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and CEO upon their election.

1. The duties and responsibilities of the Chair in relation to the Board include, among others, the following²³:
 - 1.1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
 - 1.2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
 - 1.3. Maintain qualitative and timely lines of communication and information between the Board and Management.
2. Based on the By-Laws²⁴, the President shall be the Chief Executive Officer of the Corporation and shall exercise the following functions:
 - 2.1. To preside at the meetings of the stockholders
 - 2.2. To initiate and develop corporate objectives and policies and formulate long-range projects, plans and programs for the approval of the Board of Directors, including those of executive training, development and compensation

²¹ IC Circular No. 35, s2006

²² IC Circular No. 19, s2015

²³ Sec. Circular No. 6, s2009

²⁴ Art. IV, Sec. 4, CLIC By-laws



- 2.3. To supervise and manage the business affairs of the Corporation upon the direction of the Board of Directors;
- 2.4. To implement the administrative and operational policies of the Corporation under his supervision and control;
- 2.5. To appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties and determine their salaries;
- 2.6. To oversee the preparation of the budgets and the statements of accounts of the Corporation
- 2.7. To represent the Corporation at all functions and proceedings;
- 2.8. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which require the approval of the Board of Directors;
- 2.9. To make reports to the Board of Directors and stockholders;
- 2.10. To sign certificates of stock; and
- 2.11. To perform such other duties as are incident to this office or are entrusted to him by the Board of Directors.

D. Board Committees

To aid in complying with the principles of good governance, the Board shall constitute the Audit Committee, Nomination Committee and Remuneration Committee.

1. Audit Committee

- 1.1. The Audit Committee shall be composed of at least three (3) independent directors who shall have accounting and finance backgrounds, or an adequate understanding at least or competence at most of the Corporation's financial management systems and environment.
- 1.2. The Committee shall have the following functions.
 - a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
 - b. Perform oversight over Management's activities in managing credit, market, liquidity, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.
 - c. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;



- d. Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- h. Review the reports submitted by the internal and external auditors;
- i. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - 1) Any change/s in accounting policies and practices
 - 2) Major judgmental areas
 - 3) Significant adjustments resulting from the audit
 - 4) Going concern assumptions
 - 5) Compliance with accounting standards
 - 6) Compliance with tax, legal and regulatory requirements.
- j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- l. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.



- m. Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - 1) A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
 - 2) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- n. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedure and policies handbook that will be used by the entire organization.
- o. Recommend to the Board the firm of external auditors to be retained for three to five years (and, should termination of the audit assignment be considered during the course of the audit, review the firm's proposed discharge).
- p. Review the firm of external auditor's compensation, the proposed terms of its engagement (e.g. the scope and plan of the forthcoming audit), the non-audit activities for which it is engaged.
 - 1) The report of the external auditors to the committee respecting their audit.
 - 2) Any related management letter commenting on weakness, etc., observed.
 - 3) Management's response to recommendations made by the external auditors in connection with the audit.
 - 4) The Corporation's annual financial statements.
 - 5) Any certification, report, opinion, or review rendered by the external auditors that arose in connection with the preparation of those financial statements.
 - 6) Reports of the internal auditors that are material to the Corporation as a whole.
 - 7) Management's responses to those reports
- q. Consider, in consultation with the external auditors and the internal audit executive, if any, the adequacy of the Corporation's internal controls.
- r. Consider, major changes and other major questions of choice respecting the appropriate accounting principles to be used in the presentation of the corporation's financial statements, when presented by the external auditors, or the management.



2. Remuneration Committee

- 2.1. The Remuneration committee shall be composed of at least three (3) members, one of whom must be an independent director.
- 2.2. The Remuneration Committee shall establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates. Remuneration should also be evaluated in relation to improvement in performance.
- 2.3. It shall recommend and monitor the level and structure of salaries including remunerations of senior management. Senior management shall include first level management below the Board.

3. Nominations Committee

- 3.1. The Nominations committee shall be composed of at least three (3) members, one of whom shall be an independent director.
- 3.2. The Nominations committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors as well as those nominated to other positions requiring appointment by the Board. It shall prepare a description of the roles and capabilities required of a particular appointment.
- 3.3. For the appointment of Chairman, it should prepare a job description including an assessment of time commitment expected of him, recognizing the need for his availability in the event of crisis. The Chairman's other significant commitments shall also be disclosed to the Board before his appointment and included in the annual report.
- 3.4. The terms and conditions of appointment of non-executive directors shall be made available for inspection. The letter of appointment shall specify the expected time commitment and should undertake sufficient time to meet and do what is expected of him.

4. Related Party Transactions Committee

- 4.1. The Related Party Transactions Committee shall be composed of three (3) independent directors.
- 4.2. The Related Party Transactions Committee shall confirm that a Related Party Transaction has undergone the same process as an ordinary transaction. All members of the Committee shall review the proposed related party transactions endorsed to it by considering the following, to the extent relevant to the Related Party Transaction:
 - a. Whether the terms of the Related Party transaction are fair to Caritas and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or employee of Caritas;



- b. Approximate monetary value of the transaction and the approximate monetary value of the Related Party's interest in the transaction;
- c. Valuation methodology used and alternative approaches to valuation of the transaction;
- d. Whether the proposed transaction includes any potential reputational Concern issues that may arise as a result or in connection with the transaction;
- e. Whether there are demonstrable business reasons for Caritas to enter into the Related Party transaction
- f. Whether the Related Party Transaction would impair the independence of a director, and
- g. Extent that such transaction or relationship would present an improper conflict of interest.

4.3. The Related Party Transactions Committee shall have the authority to recommend to the Board of Directors the approval or invalidation of the Related Party Contract.

E. Officers

1. Qualifications of Officers²⁵

In order to maintain the quality of the management of the insurance companies and afford better protection to policyholders and the public in general, any person of good moral character, unquestioned integrity and recognized competence may be elected or appointed director or officer of insurance companies in accordance with the pertinent provisions contained in the corporate governance circulars prescribed by the Commissioner. In addition hereto, the Commissioner shall prescribe the qualifications of directors, executive officers and other key official of insurance companies for purposes of this section.

2. Disqualification of Officers

Persons who have been found guilty of complaints filed against them before the company, any administrative body, or court for committing any of the following²⁶ are permanently disqualified as Officers of the Corporation:

- 2.1. willfully violating any provisions of the Insurance Code;
- 2.2. intentionally making a material misstatement in his application to qualify as an officer or employee;
- 2.3. attempting fraud, misrepresentation or dishonest practices,

²⁵ Chapter III, Title 1, Sec. 191 of RA 10607 (The Insurance Code)

²⁶ IC Circular No. 21, s2006



- 2.4. misappropriating or converting to his own use or illegally withholding moneys required to be held in fiduciary capacity;
- 2.5. not demonstrating trustworthiness and competence to transact business in such manner as to safeguard the public; or
- 2.6. materially misrepresenting the terms and conditions of policies or contracts of insurance which his company has sold.

3. Corporate Secretary²⁷

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines is an officer of the Corporation. He should:

- 3.1. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation;
- 3.2. Be loyal to the mission, vision and objectives of the Corporation;
- 3.3. Work fairly and objectively with the Board, Management and stockholders and other stakeholders²⁸;
- 3.4. Have appropriate administrative and interpersonal skills;
- 3.5. If he is not at the same time, the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- 3.6. Have a working knowledge of the operations of the Corporation
- 3.7. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 3.8. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so and maintain record of the same.
- 3.9. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- 3.10. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual.

4. Compliance Officer²⁹

To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall report directly to the Chairman of the Board.

²⁷ SEC Circular No. 6, s2009

²⁸ SEC Circular No. 9, s2014

²⁹ SEC Circular No. 6, s2009



He shall perform the following duties:

4.1. Corporate Governance

- a. Monitor compliance by the Corporation with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- b. Appear before the Insurance Commission or Securities and Exchange Commission when summoned in relation to compliance with this Manual; and
- c. Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;

4.2. Anti-money Laundering Act³⁰

- a. Establish and maintain a Manual of Compliance procedures in relation to the business of the covered insurance institution;
- b. Ensure compliance by the staff with the provisions of the Act and with the Manual of Compliance established;
- c. Act as a liaison between the covered insurance institution and the council in matters relating to compliance with the provisions of the Act;
- d. Prepare and submit to the Council written reports on the covered insurance institution's compliance with the provisions of the Act, in such for and submitted at such time as the Council may determine.

4.3. Serve as the Corporation's contact person to ensure compliance with insurance rules and regulations³¹

F. Adequate and Timely Information³²

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly

³⁰ Title 9, Sec. 2 of Operating Manual against Money Laundering for Insurance Commission Covered Institutions (IC Circular No. 9, s2002)

³¹ IC Circular No. 10, s2002

³² SEC Memo Cir. No. 6, s2009



perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

G. Accountability and Audit³³

1. The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- 1.1. The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- 1.2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained;
- 1.3. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- 1.4. The corporation should consistently comply with the financial reporting requirements of the Commission;
- 1.5. The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit

³³ SEC Memo Cir. No. 6, s2009



plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

2. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

H. Disclosure and Transparency

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.³⁴

³⁴ SEC Circular No. 6, s2009



The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.³⁵

1. Related Party Transactions

As a general rule, the Corporation shall avoid Related Party Transactions (RPT). In instances where RPTs cannot be avoided, the Corporation shall disclose all relevant information on the same, including information on the related or affiliated parties and the affiliation of directors and principal officers.

The Corporation and its subsidiaries shall enter into any related-party transactions solely in the ordinary course of business, on ordinary commercial terms and on the basis of arm's length arrangements, and subject to appropriate corporate approvals and actions of the Corporation or the Related Parties, as the case may be. Any related-party transactions entered into by the Corporation shall be in accordance with applicable law, rules and regulations and this Policy.

Title 20 of the New Insurance Code defines control as:

“the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a person (corporation), whether through the ownership of voting securities by a contract other than a commercial contract for goods or non-management services or otherwise. Control shall be presumed to exist if any person (corporation) directly or indirectly owns, controls or holds with the power to vote forty percent (40%) or more of the voting securities of any other person (corporation).”

The relationship between CHSI and CLIC is therefore deemed as ‘Holding Company³⁶ - Controlled Insurer³⁷’.

The Corporation has adopted a policy on related party transactions where transactions with related parties are reviewed by the Related Party Transactions Committee, composed of independent directors, and require prior written approval of the members of the Board, with the exclusion of the director/s concerned in case the transaction involves him or his related interests. All directors and officers are required to disclose related party transactions and include a sign-off and commitment to disclose proposed transactions that the director or officer or their related party will undertake with Caritas.

³⁵ SEC Circular No. 9, s2014

³⁶ RA 10607, Title 20, Sec. 290. Any person (corporation) who directly or indirectly controls an authorized insurer.

³⁷ RA 10607, Title 20, Sec. 290. An authorized insurer controlled directly or indirectly by a holding company.



2. Remuneration of Directors and Officers

The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.

To protect the funds of a Corporation, the SEC may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.³⁸

In the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation, as such directors, except for reasonable per diems: Provided, however, that any such compensation other than per diems may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total compensation of directors, as such directors, exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.³⁹

The Corporation aims to provide the Board and its officers with a compensation package that is competitive with those paid by other companies, taking into account the Corporation's position against peers in the industry and other market considerations.

The members of the Board receive compensation based on their experience and their attendance in the meetings of the Board and the committees where they are members or chairs of. The pro-rated amount of said compensation is given to directors who are unable to complete their one (1) year term.

Generally, officers' salaries are determined with reference to the salary scale corresponding to the position and rank. Annual salary review shall be conducted and all increases are performance-based. The Corporation grants fixed and guaranteed bonuses inclusive of 13th month pay in compliance with the law. The Corporation also grants a performance bonus (non-guaranteed) based on the Corporation's performance, overall market conditions and individual performance.

³⁸ SEC Memo Circ. 6, s2009

³⁹ Title III, Sec. 30 of the Corporation Code of the Philippines



The Board shall see to it that the remuneration policy is regularly reviewed to ensure that it is commensurate with corporate and individual performance and that the remuneration is consistent with industry while maintaining internal equity at the same time.

3. Dividend Policy

Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often at such times as the Board of Directors may determine and in accordance with law.⁴⁰

Dividends shall be declared and distributed only if the Corporation has met the minimum paid-up capital and net worth requirements under Section 194 of The Insurance Code and from profits attested in a sworn statement to the Commissioner by the President or Treasurer of the Corporation to be remaining on hand after retaining unimpaired:

- 3.1. The entire paid-up capital stock;
- 3.2. The solvency requirement defined by Section 200 of The Insurance Code;
- 3.3. The legal reserve fund required by Section 217
- 3.4. A sum sufficient to pay all net losses reported, or in the course of settlement and all liabilities for expenses and taxes.

Any dividend declared or distributed under the preceding paragraph shall be reported to the Commissioner within thirty (30) days after such declaration or distribution.⁴¹

4. Whistleblower Policy

All employees are encouraged to play their part in improving the overall effectiveness and success of the Corporation and in strengthening the Corporation's system of integrity. The Corporation has a Whistleblower Policy which aims to guide officers and staff on reporting complaints related to fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls.

I. ASEAN Corporate Governance Scorecard

The Corporation shall accomplish the ASEAN Corporate Governance Scorecard (ACGS) annually. The manner of submission of the ACGS shall comply with the following guidelines⁴²:

1. The duly accomplished ASEAN Corporate Governance Scorecard (ACGS) for operations during the immediately preceding calendar year shall be uploaded to the Corporation's website on or before 15 June.

⁴⁰ Art. 6, Sec. 3 of CLIC By-laws

⁴¹ Chapter 3, Title 2, Sec. 201 of Republic Act No. 10607 (The Insurance Code)

⁴² IC Circular No. 23, s2015



2. The Corporation shall also upload a copy of the documents supporting the responses to the ACGS questions/items and provide the corresponding links to the relevant documents on the ACGS.

IV. MONITORING AND COMPLIANCE

The Compliance Officer shall monitor compliance by the Corporation with this Manual, and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.

This Manual shall be subject to the rules and regulations, now or hereinafter enacted, by the SEC, IC and other regulatory bodies.