

May 25, 2022

**The Honorable Dennis B. Funa**  
Insurance Commissioner  
**Insurance Commission**  
1071 United Nations Avenue  
Manila

**Dear Commissioner Funa:**

In compliance with Insurance Commission Circular Letters No.2020-72 and 2021-20, we are pleased to submit for your consideration our Annual Corporate Governance Report.

Thank you.

Very truly yours,

  
**ATTY. RIZAL ANTONIO D. MERU**  
Compliance Officer



**ANNUAL CORPORATE GOVERNANCE REPORT OF  
FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.**

1. For the fiscal year ended : **December 31, 2021**
2. Certificate Authority Number : **2020-03-R**
3. **Makati, Philippines**  
Province, Country or other jurisdiction of incorporation or organization
4. **9<sup>th</sup> Floor King's Court Bldg. 1, 2129 Chino Roces Ave. Makati City** **1230**  
Address of principal office Postal Code
5. **(02) 586-5471**  
Company's telephone number, including area code
6. **<https://fidelitymutuallife.com>**  
Company's official website
7. **Not Applicable**  
Former name, former address, and former fiscal year, if changed since last report

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>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</b>			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	<a href="#">Biographical Data of the Board of Directors</a>  <a href="#">Corporate Governance Manual, Section III.A Establishing a Competent Board of Directors</a>
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		
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	Identify or provide link/reference to a document identifying the directors and the type of their directorships	<a href="#">2021 General Information Sheet, Directors/Officers</a>
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Provide link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on training of directors.	<a href="#">Corporate Governance Manual, Section III.A Establishing a Competent Board of Directors</a>
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	<a href="#">Corporate Governance Manual, Section III.A</a>  <a href="#">Training, Learning and Development Plan</a>  2021 Manual Rundown on Trainings: <ol style="list-style-type: none"> <li>1. <a href="#">Rundown of Related Party Transactions (Oct 1, 2021)</a></li> <li>2. <a href="#">Rundown of the Remuneration Committee Charter (Nov 9, 2021)</a></li> <li>3. <a href="#">Rundown of the Nomination Committee (Dec 3, 2021)</a></li> </ol>
3. Company has relevant annual continuing training for all directors.	COMPLIANT		
<b>Recommendation 1.4</b>			

1. Board has a policy on board diversity.	NON-COMPLIANT	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	Considering the specialized and peculiar nature of the business of the company, it has yet to achieve diversity among the members of the Board of Directors of the company.  However, the Board shall consider implementing its policy in board diversity.
<b>Recommendation 1.5</b>			
1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	<a href="#">Corporate Governance Manual, Section III.A Establishing a Competent Board of Directors</a>  <a href="#">Amended By-Laws. Article 11, Section 3- Corporate Secretary</a>  <a href="#">2021 General Information Sheet</a>
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	NON-COMPLIANT		<p>For reasons of trust, the Corporate Secretary is a member of the board.</p> <p>The Board shall consider appointing Corporate Secretary who is not a member of the board.</p>

4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	<a href="#">Certificate of Participation of the Compliance Officer</a>
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<a href="#">Biographical Data of Atty. Rizal Antonio D. Meru - Compliance</a>  <a href="#">2021 Page 1 of AS</a>  <a href="#">2021 General Information Sheet</a>
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.	NON-COMPLIANT		
4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	<p>The Compliance Officer attended online the First ASEAN Corporate Governance Round Table Activity on July 28, 2021.</p> <p><a href="#">Certificate of Participation of the Compliance Officer</a></p>
<b>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</b>			
<b>Recommendation 2.1</b>			
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	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a>  <a href="#">Minutes of the Special Meeting</a>
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting) Indicate frequency of review of business objectives and strategy	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a>  <a href="#">Minutes of the Special Meeting</a>
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength..	COMPLIANT		
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	<a href="#">Biographical Data of Mr. Noel Arandilla, Chairman of the Board</a>
<b>Recommendation 2.4</b>			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>NON-COMPLIANT</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and its implementation</p>	<p><a href="#">For Key Officers, Fidelity Life Mutual Benefit Association, Inc. (FLMBAI) is exempted under Section 1 of RA 7641.</a></p> <p>For Board of Trustees, <a href="#">under Article IV Section 7 of Amended By-Laws</a> the Board of Trustees shall not receive any salary but shall be entitled to per diem and reimbursement of necessary expenses.</p>
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>NON-COMPLIANT</p>		<p><a href="#">Under Article 8 of the Amended Articles of Incorporation</a>, no part of the income which FLMBAI may obtain as an incident to its operations shall be distributed as dividends to each members, trustees and officers. Any profit obtain by FLMBAI as a result of its operations shall be used for the furtherance of its purposes enumerated in Article 2 of its Amended Articles of Incorporation.</p>
<p><b>Recommendation 2.5</b></p>			
<p>1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</p>	<p><a href="#">Performance Appraisal Form for Officers/Employees</a></p> <p>For Board of Trustees, <a href="#">under Article IV Section 7 of Amended By-Laws</a> the Board of Trustees shall not receive any salary but shall be entitled to per diem and reimbursement of necessary expenses.</p> <p><a href="#">Under Article 8 of the Amended Articles of Incorporation</a>, no part of the income which FLMBAI may obtain as an incident to its operations shall be distributed as dividends to each members, trustees and officers. Any profit obtain by FLMBAI as a result of its operations shall be used for the furtherance of its purposes enumerated in Article 2 of its Amended Articles of Incorporation..</p>

2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	NON-COMPLIANT
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	NON-COMPLIANT
<b>Recommendation 2.6</b>	
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT
4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT

<p><a href="#">Performance Appraisal Form for Officers/Employees</a></p> <p>For Board of Trustees, <a href="#">under Article IV Section 7 of Amended By-Laws</a> the Board of Trustees shall not receive any salary but shall be entitled to per diem and reimbursement of necessary expenses.</p> <p>Under <a href="#">Article 8 of the Amended Articles of Incorporation</a>, no part of the income which FLMBAI may obtain as an incident to its operations shall be distributed as dividends to each members, trustees and officers. Any profit obtain by FLMBAI as a result of its operations shall be used for the furtherance of its purposes enumerated in Article 2 of its Amended</p>
<p><a href="#">Under Article IV Section 7 of Amended By-Laws</a> the Board of Trustees shall not receive any salary but shall be entitled to per diem and reimbursement of necessary expenses.</p> <p><a href="#">Under Article 8 of the Amended Articles of Incorporation</a>, no part of the income which Fidelity may obtain as an incident to its operations shall be distributed as dividends to each members, trustees and officers. Any profit obtain by Fidelity as a result of its operations shall be used for the furtherance of its purposes enumerated in Article 2 of its Amended Articles of Incorporation..</p>
<p><a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a></p>

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		<a href="#">Corporate Governance Manual, Section III.A Establishing a Competent Board of Directors</a>  <a href="#">Biographical Data of the Board of Directors</a>
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. _____	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs Identify transactions that were approved pursuant to the policy.	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors - Related Party Transactions</a>
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed.	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors - Management Team</a>
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance.	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors - Management Team</a>
<b>Recommendation 2.9</b>			
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.	NON-COMPLIANT	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	<p>The actual day-to-day decision-making process of the Board is not aligned with this principle.</p> <p>However, to observe this principle, the Board shall endeavor to establish an effective performance management framework.</p>
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT		



<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors - Internal Control System &amp; Risk Management Framework</a>  <a href="#">Risk Management Manual</a>
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors - Enterprise Risk Management</a>  <a href="#">Risk Management Manual</a>
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	Provide proof of effectiveness of risk management strategies, if any.	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	NON-COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	The Company has opted not to establish a Board Charter considering that the roles, responsibilities and accountabilities of the members of the Board of Trustees are already defined under Section III.B. (Establishing Clear Roles and Responsibilities of the Board of Directors) of the company's Corporate Governance Manual, its By-Laws and Articles of Incorporation.
2. Board Charter serves as a guide to the directors in the performance of their functions.	NON-COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	NON-COMPLIANT		
<b>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</b>			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	Provide information or link/reference to a document containing information on all the board committees established by the company.	<a href="#">Corporate Governance Manual, Section III.C. Establishing Board</a>  <a href="#">Minutes of the Special Board Meeting of July 4, 2019</a>
<b>Recommendation 3.2</b>			

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	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	<a href="#">Corporate Governance Manual, Section III.C. Establishing Board Committees</a>  <a href="#">Minutes of the Special Board Meeting of July 4, 2019</a>  <a href="#">Internal Audit Charter</a>
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	<a href="#">Minutes of the Special Board Meeting July 4, 2019</a>
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	<a href="#">Minutes of the Special Board Meeting of July 4, 2019</a>  <a href="#">Biographical Data of the members of the Audit Committee</a>  1. Chairman - Atty. Johannes B. Ola 2. Member- Noel Arandilla 3. Member - Atty. Manuelito S. Inso
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee,	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	<a href="#">Minutes of the Special Board Meeting July 4, 2019</a>  <a href="#">Biographical Data of the members of the Audit Committee</a>  1. Chairman - Atty. Johannes B. Ola 2. Member- Noel Arandilla 3. Member - Atty. Manuelito S. Inso
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions. Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	<a href="#">Corporate Governance Manual, Section III.C. Establishing Board Committees</a>  <a href="#">Minutes of the Special Meeting on the creation of the Corporate Governance Committee dated January 7, 2020.</a>
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	<a href="#">Minutes of the Special Meeting on the creation of the Corporate Governance Committee dated January 7, 2020.</a>

3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	<a href="#">Minutes of the Special Meeting on the creation of the Corporate Governance Committee dated January 7, 2020..</a>
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	Considering the size, risk profile and nature of the company's business operations, the Board of Directors hereby defers the establishment of a separate Board Risk Oversight Committee (BROC). The function of said committee shall, in the meantime, be performed by the Audit Committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	Considering the size, risk profile and nature of the company's business operations, the Board of Directors hereby defers the establishment of a separate Board Risk Oversight Committee (BROC). The function of said committee shall, in the meantime, be performed by the Audit Committee.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the BROC	Considering the size, risk profile and nature of the company's business operations, the Board of Directors hereby defers the establishment of a separate Board Risk Oversight Committee (BROC). The function of said committee shall, in the meantime, be performed by the Audit Committee.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	Considering the size, risk profile and nature of the company's business operations, the Board of Directors hereby defers the establishment of a separate Board Risk Oversight Committee (BROC). The function of said committee shall, in the meantime, be performed by the Audit Committee.
<b>Recommendation 3.5</b>			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	<a href="#">Corporate Governance Manual, Section III.C. Establishing Board Committees</a>  <a href="#">Minutes of the Special Meeting on the creation of Related Party Transactions /Committee dated February 4, 2020</a>

2, RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	<a href="#">Minutes of the Special Meeting on the creation of Related Party Transactions/Committee dated February 4, 2020</a>
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	<a href="#">Nomination, Remuneration &amp; RPT Committee Charters</a>
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed.	<a href="#">Nomination, Remuneration &amp; RPT Committee Charters</a>
<b>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</b>			
<b>Recommendation 4.1</b>			
1. The Directors attends and actively participates 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	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.  Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a>  <a href="#">Amended By-Laws. Article IV: Board of Directors. Section 4: Meetings</a>  <a href="#">Minutes of the Board Meetings</a>
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT		<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a>  <a href="#">Minutes of the Board Meetings</a>

<p>3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/ explanation sought by the directors.</p>	<p><a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a></p> <p><a href="#">Minutes of the Board Meetings</a></p>
<p><b>Recommendation 4.2</b></p>			
<p>1. Non-executive directors concurrently serve as directors to a maximum of five insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	<p><a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors</a></p> <p>A non-executive member of the Board of Directors shall be allowed to concurrently serve as director to a maximum of five (5) Insurance Commission regulated entities.</p> <p><a href="#">Biographical Data of the Board of Directors</a></p> <p><a href="#">2021 General Information Sheet</a></p>
<p><b>Recommendation 4.3</b></p>			
<p>1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p>	<p><a href="#">Minutes of the Special Board Meeting dated January 30, 2020</a></p>
<p><b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.</b></p>			
<p><b>Recommendation 5.1</b></p>			
<p>1. The Board is composed of at least twenty percent (20%) independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board.</p>	<p><a href="#">2021 General Information Sheet</a></p>
<p><b>Recommendation 5.2</b></p>			
<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p>	<p><a href="#">Biographical Data of the Independent Directors</a></p> <ul style="list-style-type: none"> <li>• Atty. Manuelito S. Inso</li> <li>• Atty. Johannes B. Ola</li> </ul>

<b>Recommendation 5.3</b>			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>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.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	COMPLIANT	Provide information or link/reference to a document showing the years IDs have served as such.	<p><a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors</a></p> <p>All independent directors shall serve for a maximum cumulative term of nine (9) years after which said independent director shall be perpetually barred from re-election as such but may qualify for nomination and election as a non-independent director.</p> <p><a href="#">2021 General Information Sheet</a></p>
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	COMPLIANT	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	<p><a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors</a></p> <p>All independent directors shall serve for a maximum cumulative term of nine (9) years after which said independent director shall be perpetually barred from re-election as such but may qualify for nomination and election as a non-independent director.</p> <p><a href="#">2021 General Information Sheet</a></p>
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>	COMPLIANT	Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.	<p>Atty. Manuelito S. Inso and Atty. Johannes B. Ola have not exceeded the nine (9) years as an Independent Director.</p> <p><a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors</a></p> <p>All independent directors shall serve for a maximum cumulative term of nine (9) years after which said independent director shall be perpetually barred from re-election as such but may qualify for nomination and election as a non-independent director.</p> <p><a href="#">2021 General Information Sheet</a></p>
<b>Recommendation 5.4</b>			

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer.</p>	<p><a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors</a></p> <p>As far as practicable, the positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals in order to avoid conflict or a split board and to foster balance of power, increased in accountability and better capacity for independent decision-making.</p> <p>Mr. Noel Arandilla I (Chairman) Dr. Jose Enrique R. De Las Peñas (President)</p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.</p>	<p><a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors (Duties and Responsibilities of the Chairman of the Board)</a></p> <p><a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors (Duties and Responsibilities of the CEO)</a></p>
<p><b>Recommendation 5.5</b></p>			

1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	COMPLIANT	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	The roles of Chairman and CEO are held by separate individuals.  <a href="#">2021 General information Sheet</a>
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	Provide proof of abstention, if this was the case.	<a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors</a>  "The Board of Directors hereby adopts, as a matter of policy, that any director with a material interest in any transaction affecting the corporation shall be excluded from taking part in any deliberation regarding said transaction."  As of date, there is no transaction where any of the directors have material interest that affect the corporation.
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	NON-COMPLIANT	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings. an assessment process. The Board should of backgrounds and competencies.	<a href="#">Corporate Governance Manual, Section III.E. Reinforcing the Independence of the Board of Directors</a>  "The non-executive directors shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk function, without the presence of any executive directors present to ensure proper check and balances are in place."  No separate periodic meetings were held last year due to the pandemic.  Moving forward, the Board shall direct the non-executive directors to consider and observe this principle.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		
<b>Principle 6: The best measure of the Board's effectiness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess</b>			
<b>Recommendation 6.1</b>			
1. The Board conducts an annual assessment of its performance as a whole	NON-COMPLIANT	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman and the Committees.	<a href="#">Corporate Governance Manual, Section III.F. Assessing the Performance of the Board of Directors</a>  Considering that this ACGR principle has recently been applied, the Company has not yet observed this principle.  The Board shall endeavor to observe this principle
2. The performance of the Chairman is assessed annually by the Board.	NON-COMPLIANT		
3. The performance of the individual member of the Board is assessed annually by the Board,	NON-COMPLIANT		
4. The performance of each committee is assessed annually by the Board.	NON-COMPLIANT		



<p>5. Every three years, the assessments are supported by an external facilitator.</p>	<p>NON-COMPLIANT</p>	<p>Identify the external facilitator and provide proof of use of an external facilitator.</p>	<p><a href="#">Corporate Governance Manual, Section III.F. Assessing the Performance of the Board of Directors</a></p> <p>Considering that this ACGR principle has recently been applied, the Company has not yet observed this principle.</p> <p>The Board shall consider applying this principle.</p> <p>This will be done in due time and the assessment will be supported by an external facilitator.</p>
<p><b>Recommendation 6.2</b></p>			
<p>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.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.</p>	<p>Considering that the Company has not yet complied with the principles under Recommendation 6.1 above, it has yet to develop a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees and allows for a feedback mechanism from the shareholders.</p>
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>NON-COMPLIANT</p>		<p>The Board shall, in the future, consider applying these principles.</p>

<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	<a href="#">Corporate Governance Manual, Section III.G. Strengthening the Ethics of the Board of Directors</a>  Code of Business Conduct and Ethics which formalizes the corporation's ethical values in order to instill an ethical culture throughout the corporation and to ensure proper and efficient implementation and monitoring compliance with the Code of Business Conduct and Ethics, including internal policies.  <a href="#">Code of Conduct and Business Ethics</a>
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	2021 Manual Rundown on Trainings: 1. <a href="#">Rundown of Related Party Transactions (Oct 1, 2021)</a> 2. <a href="#">Rundown of the Remuneration Committee Charter (Nov. 9, 2021)</a> 3. <a href="#">Rundown of the Nomination Committee</a>
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	<a href="#">FLMBAI Website - Corporate Governance</a>
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	Code of Business Conduct and Ethics. The Code applies to the Board, Senior Management and all its employees. The objective of this Code of Business Ethics is to ensure high standard in conducting the business of the company in dealing with all clients, employees, shareholders, suppliers, and other stakeholders.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		<a href="#">2020 Orientation for New Employees - Code of Business Conduct and Ethics</a> (In 2021, FLMBAI had no new employees)
<b>Disclosure and Transparency</b>			
<b>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory</b>			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	<a href="#">Corporate Governance Manual, Section IV.A. Enhancing Company Disclosure Policies and Procedures</a>  <a href="#">2021 Audited Financial Statement</a>
<b>Recommendation 8.3</b>			

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<a href="#">Biographical Data of the Board of Directors</a>
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment,	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<a href="#">Biographical Data of the Key Executives</a> a. Dr. Jose Enrique De Las Peñas b. Mr Louis Bartolome J. Borja c. Atty. Rizal Antonio D. Meru
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	NON-COMPLIANT	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	<a href="#">Corporate Governance Manual, Section IV.A. Enhancing Company Disclosure Policies and Procedures</a>  The Board of Directors hereby adopts, as a matter of policy, to provide a clear disclosure of its policies and procedures for setting directors' and officers' remunerations, as well as the level and mix of the same in the Annual Corporate Governance Scorecard (ACGS) and the revised Corporation Code, including termination and retirement provisions, subject to the provisions of the Data Privacy Act.  No separate periodic meeting was held last year due to the restrictions imposed by the government in response to the COVID-19 pandemic. Moving forward, the Board shall direct the Remuneration Committee to consider and observe this principle.
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.	NON-COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	Due to the restrictions imposed by the Government in response to the COVID-19 pandemic, the members of the Remuneration Committee were not able to meet to come out with/formulate the necessary rules, policies and procedures for settling the Executives' remunerations.  The Board shall direct the Remuneration Committee to convene for the purpose of establishing the policies and procedure for setting Executives' remuneration.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	This requirement might violate the rights of the Directors, Officers and Executives under Data Privacy Act of 2012.
<b>Recommendation 8.5</b>			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	<a href="#">Corporate Governance Manual, Section III.B. Establishing Clear Roles and Responsibilities of the Board of Directors - Related Party Transactions</a>  As of date, there is no transaction where any of the directors have material interest on other unusual or infrequently occurring transactions.
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of transaction; 5. Amount or contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. Other terms and conditions.	The Audited Financial Statements of the company for the year ended December 31, 2021 that was authorized for issue by the Company's President on <u>April 28, 2022</u> had no material/significant RPTs requiring disclosure.  As of date, there is no transaction where any of the directors have material interest on other unusual or infrequently occurring transactions.  <a href="#">2021 Audited Financial Statement</a>
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	<a href="#">FLMBAI Website</a>
2. Company's MCG is posted on its company website.	COMPLIANT		
<b>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</b>			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	<a href="#">Corporate Governance Manual, Section IV.B. Strengthening The External Auditor's Independence and Improving Audit Quality</a>  Due to the restrictions imposed by the government in response to the COVID-19 pandemic, the Audit Committee opted to defer its meeting.  The Board of Directors shall direct the Audit Committee to develop a relevant process for approving and recommending the appointment, reappointment, removal and fees of the external auditor.

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.	NON-COMPLIANT	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	<p><a href="#">Corporate Governance Manual, Section IV.B. Strengthening The External Auditor's Independence and Improving Audit Quality</a></p> <p>Due to the restrictions imposed by the government in response to the COVID-19 pandemic, the Audit Committee opted to defer its meeting. Thus, the committee was not able to make a recommendation on the appointment, reappointment and fees of the external auditor.</p> <p>The Board of Directors shall direct the Audit Committee to, henceforth, submit its recommendation on the appointment, reappointment, and fees of the external auditor.</p>
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	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	For the past three (3) years, the current external auditor of FLMBAI has been re-engaged by the Board. Should there be a Board decision to replace the auditor, we shall disclose to the regulators and the public through the company website.
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on:  i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter.	<p>The responsibilities of the Audit Committee have been defined/incorporated in the Corporate Governance Manual.</p> <p><a href="#">Corporate Governance Manual, Section III.C Establishing Board Committees</a></p>
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter.	<a href="#">Corporate Governance Manual, Section III.C Establishing Board Committees</a>
<b>Recommendation 9.3</b>			
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	Disclose the nature of non-audit services performed by the external auditor, if any.	<p>We have not engaged our current external auditor on non-audit services as in accordance with our contract with the external auditor, its services are limited to financial audit of our company.</p> <p>Should there be a non-audit engagement, such will be disclosed.</p>
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	Provide link or reference to guidelines or policies on non-audit services.	<p>We have not engaged our current external auditor on non-audit services as in accordance with our contract with the external auditor, its services are limited to financial audit of our company.</p> <p>Should there be a non-audit engagement, we will recommend the guidelines or policies for Board approval.</p>
<b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>			
<b>Recommendation 10.1</b>			

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	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	<a href="#">Corporate Governance Manual, Section IV.C. Increasing Focus On Non-Financial And Sustainability Reporting</a>  The Board of Directors has adopted as a matter of policy that all the material and reportable non-financial information and sustainability issues are disclosed based on globally recognized standards and framework subject to the provisions of the Data Privacy Act.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT	Provide link to Sustainability Report, if any. Disclose the standards used.	Due to the restrictions imposed by the government in response to the COVID-19 pandemic, the members of the Board opted to defer their meeting. Thus, they were not able to deliberate on whether or not the Company shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.  If in the affirmative, the Board shall direct the Company to adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.
<b>Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is</b>			
<b>Recommendation 11.1</b>			
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	Disclose and identify the communication channels used by the company (i.e., website. Analyst's briefing. Media briefings /press conferences. Quarterly reporting. Current reporting, etc.). Provide links, if any.	<a href="#">FLMBAI Website</a>
<b>Internal Control System and Risk Management Framework</b>			
<b>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</b>			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system.	<a href="#">Corporate Governance Manual, Section V.A. Strengthening The Internal Control System and Risk Management Framework Of The Corporation</a>  <a href="#">Risk Management Manual</a>  <a href="#">Internal Audit Charter</a>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	Identify international framework used for Enterprise Risk Management. Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework.	<a href="#">Risk Management Manual</a>  The company did not encounter any material/significant key risks in the conduct of its business for the year 2021.  When a significant risk arises , the Risk Management Team shall convene to address the same based on the Framework.
<b>Recommendation 12.2</b>			

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	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	<a href="#">Inter-Office Memorandum on the Internal Audit Functions</a>
<b>Recommendation 12.3</b>			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	Considering that this ACGR principle has recently been applied, the Company has not yet observed this principle.
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.	NON-COMPLIANT		However, the company has its own chairman of the Internal Audit Committee in lieu of Chief Audit Executive. Inter-Office Memorandum on the Internal Audit Functions.  The appointment of a qualified Chief Audit Executive (CAE), while appears to be essential, shall be considered more thoroughly by the Board of Directors taking into account the corporation's existing size, risk profile and complexity of its operations.  <a href="#">Inter-Office Memorandum on the Internal Audit Functions</a>
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.	NON-COMPLIANT	Identify qualified independent executive or senior management personnel, if applicable.	In accordance with the Company's <a href="#">Risk Management Manual</a> in case an Outsource Internal Audit is needed the Risk Management Audit Committee shall be in charge of assigning an officer who shall oversee the said activity.  The company however has not yet outsourced its internal audit functions.  If a necessity to outsource internal audit activity arises, we shall assign a qualified independent executive or senior management personnel the responsibility for managing the fully outsourced internal audit activity.
<b>Recommendation 12.4</b>			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Provide information on company's risk management function.	<a href="#">Risk Management Manual</a>
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON-COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Company has not yet observed this principle.  The appointment of a qualified Chief Risk Officer (CRO), while appears to be essential, shall be considered more thoroughly by the Board of Directors taking into account the corporation's existing size, risk profile and complexity of its operations.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT		
<b>Cultivating a Synergic Relationship with Shareholders</b>			

<b>Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</b>			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	<a href="#">Corporate Governance Manual, Section VI.A. Promoting Shareholders Rights</a>  <a href="#">FLMBAI Website - Corporate Governance</a>
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Provide link to company's website	<a href="#">Corporate Governance Manual, Section VI.A. Promoting Shareholders Rights</a>  <a href="#">FLMBAI Website - Corporate Governance</a>
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	NON-COMPLIANT	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out. Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. Provide link to the Agenda included in the company's Information Statement	Due to the restrictions imposed by the government in response to the COVID-19 pandemic and limited financial resources, the Board was not able to hold the General Annual Membership Meeting.  Henceforth, the Board shall see to it that that this principle shall be observed.
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	NON-COMPLIANT	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	Due to the restrictions imposed by the government in response to the COVID-19 pandemic and limited financial resources, the Board was not able to hold the General Annual Membership Meeting.  Henceforth, the Board shall see to it that that this principle shall be observed.
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	COMPLIANT	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any.	
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	NON-COMPLIANT	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	Considering that this ACGR principle has recently been applied, the Company has yet to adopt this principle.  In as much as an Alternative Dispute Mechanism policy has been incorporated in the Corporate Governance Manual, the Board shall consider establishing an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner and in compliance with prevailing laws and regulations.



2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	NON-COMPLIANT	Provide link/reference to where it is found in the Manual on Corporate Governance.	Considering that this ACGR principle has recently been applied, the Company has yet to adopt this principle.  In as much as an Alternative Dispute Mechanism policy has been incorporated in the Corporate Governance Manual, the Board shall consider establishing an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner and in compliance with prevailing laws and regulations.
<b>Duties to Stakeholders</b>			
<b>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</b>			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	<a href="#">Corporate Governance Manual, Section VII.A. Respecting The Rights of Stakeholders and Effective Redress For Violation of Stakeholders' Rights</a>
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Identify policies and programs for the protection and fair treatment of company's stakeholders.	<a href="#">Corporate Governance Manual, Section VII.A. Respecting The Rights of Stakeholders and Effective Redress For Violation of Stakeholders' Rights</a>
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and Provide the contact details (i.e., name of process that allow stakeholders to contact person, dedicated phone number communicate with the company and to obtain or e-mail address, etc.) which redress for the violation of their rights. stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.	COMPLIANT	Provide information on whistleblowing policy, practices and procedures for stakeholders.	<a href="#">Corporate Governance Manual, Section VII.A.</a> 1. Respecting The Rights of Stakeholders 2. Effective Redress For Violation of Stakeholders' Rights  <a href="#">Code of Business Conduct and Ethics:</a> 1. Conflicts of Interest and Corporate Opportunities, 2. Seeking Help and Information
<b>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.</b>			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	<a href="#">Corporate Governance Manual, Section VII.A.</a> 1. Respecting The Rights of Stakeholders 2. Effective Redress For Violation of StakeholdersRights  <a href="#">Code of Business Conduct and Ethics,</a> 1. Obligation to Report 2. Fraud Prevention 3. Integrity of Financial Information and Reporting Concerns
<b>Recommendation 15.2 1</b>			

<p>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.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.</p>	<p><a href="#">Corporate Governance Manual, Section VII.A.</a>  1. Respecting The Rights of Stakeholders  2. Effective Redress For Violation of Stakeholders' Rights</p> <p><a href="#">Code of Business Conduct and Ethics,</a>  1. Obligation to Report  2. Fraud Prevention  3. Integrity of Financial Information and Reporting Concerns</p>
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>Identify how the board disseminated the policy and program to employees across the organization.</p>	<p><a href="#">Corporate Governance Manual, Section VII.A.</a>  1. Respecting The Rights of Stakeholders  2. Effective Redress For Violation of Stakeholders' Rights</p> <p><a href="#">Code of Business Conduct and Ethics - Orientation for New Employees</a></p>
<p><b>Recommendation 15.3</b></p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.  Indicate if the framework includes</p>	<p><a href="#">Corporate Governance Manual, Section VII.A.</a>  1. Respecting The Rights of Stakeholders  2. Effective Redress For Violation of Stakeholders' Rights</p> <p><a href="#">Code of Business Conduct and Ethics,</a>  1. Seeking Help and Information  2. Reporting Violations of the Code  3. Policy Against Retaliation</p>
<p>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.</p>	<p>COMPLIANT</p>	<p>procedures to protect the employees from retaliation.  Provide contact details to report any illegal or unethical behavior.</p>	<p><a href="#">Corporate Governance Manual, Section VII.A.</a>  1. Respecting The Rights of Stakeholders  2. Effective Redress For Violation of Stakeholders' Rights</p> <p><a href="#">Code of Business Conduct and Ethics,</a>  1. Seeking Help and Information  2. Reporting Violations of the Code  3. Policy Against Retaliation</p>

3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	<a href="#">Corporate Governance Manual, Section VII.A.</a> 1. <a href="#">Respecting The Rights of Stakeholders</a> 2. <a href="#">Effective Redress For Violation of Stakeholders' Rights</a>  <a href="#">Code of Business Conduct and Ethics</a>  <a href="#">Minutes of the Special Board Meeting</a>
<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</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.	NON-COMPLIANT	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	<a href="#">Corporate Governance Manual, Section VII.A.d:</a> "Recognizes the importance of interdependence between business and society and to promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the community where it operates preferably with lesser intrusion from regulators."  Relative to this, the Company has been contributing to the "Make Your Nanay Proud Foundations, Inc."

## CERTIFICATION

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

Signed in the City of Makati on the MAY 26 2022 of 2022.

  
NOEL A. ARANDILLA  
Chairman of the Board

  
DR. JOSE ENRIQUE DE LAS PEÑAS  
President

  
ATTY. RIZAL ANTONIO D. MERU  
Corporate Secretary &  
Corporate Governance Compliance Officer

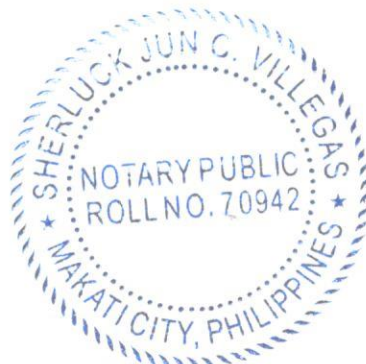
  
ATTY. JOHANNES B. OLA  
Independent Director

  
ATTY. MANUELITO S. INSO  
Independent Director

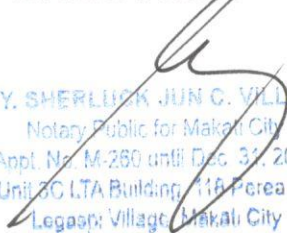
**SUBSCRIBED AND SWORN** to before me this 26 day of MAY 26 2022, 2022, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date of Issue/Valid Until</u>
Noel A. Arandilla	Driver's License ID No. M02-91-016265	12-July-2024
Jose Enrique de las Peñas	PRC ID No. 0007083	01-July-2021
Atty. Rizal Antonio D. Meru	Driver's License ID No. N04-86-032048	26-Jun-2023
Atty. Johannes B. Ola	TIN ID 231-957-923	
Atty. Manuelito S. Inso	TIN ID 105-322-645	

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Series of 2022.



NOTARY PUBLIC

  
ATTY. SHERLUCK JUN C. VILLEGAS  
Notary Public for Makati City  
Appl. No. M-260 until Dec. 31, 2022  
Unit 3C LTA Building, 116 Perea St  
Legaspi Village, Makati City  
Roll No. 70942  
ISP No. 159267 / 06-03-2021 / Pasig City  
PTR No. 8852016 / 01-03-2022 / Makati City  
MCLE Compliance No. VI-0028223/August 13, 2019