

COUNTRY BANKERS LIFE INSURANCE CORPORATION



CORPORATE GOVERNANCE MANUAL

I - INTRODUCTION

GOVERNANCE STATEMENT

COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Directors, Management, Officers and Employees of Country Bankers Life Insurance Corporation (the "Company" or "CBLIC"), commit themselves to the principles and sound best practices of Corporate Governance and dedicate themselves to a continuing effort towards ensuring awareness of, and compliance with, Corporate Governance principles and best practices at all levels of the corporate organization, recognizing that the objective of Corporate Governance is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders, and the nation.

GOVERNANCE FRAMEWORK

This Corporate Governance Manual, adopted by the Board of Directors of CBLIC on ____ pursuant to the Revised Code Of Corporate Governance For Insurance Commission Regulated Companies,¹ adopts principles and best practices of good and transparent governance. This Manual supplements and complements and does not supersede the Company's Articles of Incorporation and By-Laws and all amendments to such constitutive documents of the Company; the Revised Corporation Code; the Insurance Code and its implementing rules and regulations.

VISION, MISSION, AND PHILOSOPHY

The Company's Board of Directors, Management, Officers and Employees commit themselves to the Company's Vision and Mission as follows

¹ Insurance Commission Circular Letter No. 2020-71, dated 13 June 2005

VISION

To maintain our position as a primary provider of life insurance products and services to clients being served by our niche market – the rural banks and other financial institutions in the countryside.

To be known as well among individuals and corporate entities in need of insurance coverage in key cities of the country, as a full service insurance company, developing other products and target markets.

MISSION

To be in the forefront of educating Filipinos on the value of life insurance by promoting insurance consciousness to a broader market and by providing relevant training opportunities to marketers who are committed to advance insurance advocacy.

In the performance of their work, the Company's Board of Directors, Management, Officers, and Employees are guided by the Company's PHILOSOPHY to remain relevant with the times as a dynamic company that helps advance economic progress by reliably extending our insurance services to promote the interest of the country and its people.

II - DEFINITION OF TERMS

DEFINITIONS

1. **ACGS** refers to the ASEAN Corporate Governance Scorecard.
2. **Board of Directors** is the governing body elected by the stockholders of the Company that exercises the corporate powers of the corporation, conducts all its business, and controls and holds its properties.
3. **Corporate Governance** means the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback, and control using regulations, performance standards, and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior - reconciling long term customer satisfaction with shareholder value - to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders, and the nation.

4. **Enterprise Risk Management** is a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
5. **Entity** shall also refer to a company.
6. **Executive Director** is a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
7. **IC** refers to the Insurance Commission.
8. **Independence** refers to an environment which allows the person to carry out his/ her work freely and objectively.
9. **Independent Director** is a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
10. **Internal Audit** refers to an independent and objective assurance activity designed to add value to and improve the Company's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in

the evaluation and improvement of the effectiveness of risk management, control and governance processes;

11. **Internal Auditor** has the highest position in the Company 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.
12. **Internal Control** is a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
13. **Internal Control System** means the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed;
14. **Majority Stockholder or Majority Shareholder** means a person, whether natural or juridical, owning more than fifty percent (50%) of the voting stock of an insurance company.
15. **Management** is a group of executives 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.
16. **Manual** refers to this Corporate Governance Manual.
17. **Non-audit Work** means the other services offered by an external auditor to the Company 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;
18. **Non-executive Director** is a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
19. **Objectivity** refers to an unbiased mental attitude that requires a person to carry out work in such manner that engenders an honest belief in the work product and that no significant quality compromises are made. Objectivity requires the person not to subject his/her judgment to that of the others.
20. **Revised Code** refers to the Revised Code of Corporate Governance for Insurance Commission Regulated Companies.

21. **Related Party** shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.
22. **Related Party Transaction or RPT** refers to a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
23. **SEC** refers to the Securities and Exchange Commission.
24. **Shareholder** refers to an owner of a share of stock in a company. For the purpose of this Manual, the term shareholder shall also refer to a member of a non-stock non-profit entity.
25. **Stakeholders** means any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This include, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which they operates.
26. **Substantial or Major Shareholder** shall mean a person, whether natural or juridical, owning such number of shares that will allow him to elect at least one (1) member of the board of directors of an insurance company or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

III. The Board of Directors Governance Responsibilities

1. ESTABLISHING A COMPETENT BOARD OF DIRECTORS

CBLIC shall be headed by a competent, working Board to foster the long-term success of the Company and to sustain its competitiveness and profitability in a

manner consistent with its corporate objectives and the long term best interests of its shareholders and stakeholders.

The Board of Directors exercises the corporate powers of the Company, conducts all business, and holds and controls all properties of the Corporation. In the exercise of such authority, the Board shall use its best judgment and at all times act in a manner consistent with the Revised Corporation Code, the Insurance Code, the Articles of Incorporation and By-Laws of the Company, and this Corporate Governance Manual.

1-1. BOARD COMPOSITION

- A. The Board shall be composed of fifteen (15) Directors or such number of Directors as may be provided in the event of any amendment to the Company's Articles of Incorporation. The Board shall have **three (3)** Independent Directors.
- B. The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Company's business. The Board shall ensure that it has an appropriate mix of competence and expertise and that its members are and shall remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the corporate organization based on the evolving business environment and strategic direction.
- C. The Board shall be composed of a majority of Non-executive Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs, and to substantiate proper checks and balances.

1-2. POLICY ON TRAINING FOR DIRECTORS, INCLUDING ORIENTATION FOR NEW DIRECTORS AND CONTINUING ANNUAL TRAINING FOR ALL DIRECTORS

To promote effective Board performance and continuing qualification of the Directors in carrying-out their duties and responsibilities, there shall be a training program for Directors which shall include an orientation program for first-time Directors and relevant annual continuing training for all Directors.

There shall be an orientation program for first-time Directors which shall cover IC-mandated and/ or SEC-mandated topics on corporate governance, an introduction to the Company's business, Articles of Incorporation, and Code of Conduct, and shall meet the specific needs of the Company and of the individual Director to aid the new Director in effectively performing his or her functions.

The duration of such orientation and training shall be **at least eight (8) hours or such reasonable period of time** as shall enable the new Director to be appropriately apprised of the business of the Company and of their duties and responsibilities before beginning their directorships.

All Directors shall undergo an annual continuing training program to make certain that Directors are continuously informed of the developments in the business and the regulatory environment, including emerging risks relevant to the Company. The Company shall assess its training and development needs in determining the coverage of the continuing training program.

The continuing annual training program for Directors shall cover at the minimum the IC-mandated topics on corporate governance as follows:

27. Code of Corporate Governance for IC Regulated Companies;
28. ACGS and IC Annual Corporate Governance Report;
29. Board Responsibilities;
30. Illegal activities of corporations/directors/officers;
31. Protection of minority shareholders;
32. Liabilities of directors;
33. Confidentialities;
34. Conflict of interest;
35. Related Party Transactions;
36. Enterprise Risk Management;
37. Case studies and Financial Reporting and Audit.

1-3. POLICY ON BOARD DIVERSITY

The Company recognizes and embraces the benefits of having a diverse Board to ensure optimal decision-making and to make good use of differences in perspectives, skills and background of the Directors.

Selection of candidates will include consideration of a range of diverse perspectives, including but not limited to gender, age, skills, regional and industry experience,

professional background, ethnicity and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The selection of candidates for election to the Board shall be made on merit, but within that principal consideration of merit, candidates that bring diversity to the Board will be considered towards making the Board effective taking into account the beneficial effects of a diverse Board.

1-4. CORPORATE SECRETARY

The Board shall be assisted in its duties by a Corporate Secretary, who shall be a separate person from the Compliance Officer and shall not be a member of the Board of Directors.

The Corporate Secretary shall annually attend training on corporate governance.

The Corporate Secretary shall be primarily responsible to the Company and its shareholders, and shall work with the Chairman, the President and the Board to whom the Corporate Secretary shall also be responsible. The Corporate Secretary shall have, among others, the following duties and responsibilities:

- A. Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual Board calendar, and assisting the chairs of the Board and its Committees to set agendas for those meetings;
- B. Prepare, safe keep, and preserve the integrity of, the minutes of the meetings of the Board and its Committees, as well as other official records of the Corporation;
- C. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- D. Work fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its Committees, and the Board and its shareholders and as appropriate its stakeholders.
- E. Advise on the establishment of Board Committees and their terms of reference;
- F. Inform members of the Board, in accordance with the By-laws, of the agenda of their meetings as practicable at least five (5) working days in advance, and shall

ensure that the members have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

- G. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent attendance;
- H. Perform required administrative functions;
- I. Oversee the drafting of the By-laws and ensures that they conform with regulatory requirements; and
- J. Perform such other duties and responsibilities as may be provided by the IC and other appropriate regulatory authorities.

1-5. CHIEF COMPLIANCE OFFICER

The Board shall appoint a Chief Compliance Officer to assist it in its duties. The Chief Compliance Officer shall have the rank of Vice President with adequate stature and authority based on the Company's table of organization and shall not be a member of the Board of Directors.

The Chief Compliance Officer shall annually attend training on corporate governance.

The Chief Compliance Officer shall be a member of the Company's management team in charge of the compliance function. The Chief Compliance Officer is primarily liable to the Company and its shareholders, and shall work with the Chairman or President of the Company, to whom he shall also be responsible. The Compliance Officer shall have, among others, the following duties and responsibilities:

- A. Ensure proper orientation of new Directors as provided in this Manual;
- B. Monitor, review, evaluate, and ensure the compliance by the Company, its Officers and Directors, with the relevant laws, rules and regulations, this Corporate Governance Manual, and all governance issuances of appropriate regulatory agencies;
- C. Report to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- D. Ensure the integrity and accuracy of all documentary submissions to regulators;
- E. Appear before the IC when summoned in relation to compliance with the Revised Code.
- F. Appear before the appropriate regulatory bodies when summoned in relation to compliance with matters within the functions of the Chief Compliance Officer;

- G. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- H. Identify possible areas of compliance issues and work towards the resolution of the same;
- I. Ensure the attendance of Board members and key officers to relevant trainings; and
- J. Perform such other duties and responsibilities as may be provided by the IC and other appropriate regulatory authorities.

2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's Articles of Incorporation and By-Laws and other legal pronouncements and guidelines, including Philippine case law and jurisprudence, shall be clearly made known to the Directors, Shareholders and other Stakeholders.

2-1. Fiduciary duties; due diligence, care and loyalty

Board members shall at all times act on a fully informed basis, in good faith, with due diligence and care, and loyalty in the best interest of the Company and all shareholders.

2-2. Sustaining the Company's long-term viability and strength

The Board shall oversee the development of and approve the Company's business objectives and strategy and monitor their implementation, in order to sustain the Company's long-term viability and strength.

The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives and oversee major capital expenditures, acquisitions and divestments.

2-3. The Chairperson

The Board shall be headed by a competent and qualified Chairperson, whose roles and responsibilities shall include, among others:

1. Ensure that the meeting agenda focuses on strategic matters, including enterprise risks, considering the developments in the business and regulatory environments, key governance concerns, and important issues that could significantly affect operations;
2. Ensure that the Board receives accurate, timely, relevant, concise and clear information to enable it to make sound decisions;
3. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
4. Encourage the Board to inquire on reports submitted and representations made by Management;
5. Assure the availability of proper orientation for first-time Directors and continuing training opportunities for all Directors; and
6. Ensure that performance of the Board is evaluated at least once a year and action is taken as appropriate on such evaluations.

2-4. Effective succession program

The Board shall adopt an effective succession planning program for Executive Directors, key officers, and management towards ensuring growth and continued increase in the shareholders' value. The Board shall adopt a policy on retirement age for Executive Directors and officers as part of management succession and to promote growth and progress in the Company.

2-5. Remuneration of Directors and key Officers

The Board shall adopt policies towards aligning the remuneration of key officers and Board members with the long-term interests of the Company, including a policy specifying the relationship between remuneration and performance.

Key considerations in determining proper compensation include the following:

1. the level of remuneration is commensurate to the responsibilities of the role;
2. no director should participate in deciding on his or her remuneration; and
3. remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

For key officers and employees in control functions (such as risk, compliance, and internal audit), their remuneration is determined independent of any business line being overseen, and performance measures should be based principally on the achievement of their objectives so as not to compromise their independence.

2-6. Nomination and Election policy

The Board shall adopt a formal and transparent Board nomination and election policy and process that shall be aligned with the strategic direction of the Company and shall include:

1. The right of minority shareholders to nominate candidates for the Board of Directors;
2. The review and evaluation of the qualifications of all persons nominated to the Board of Directors;
3. An assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a Director.
4. The process of identifying the quality of directors should be aligned with the strategic direction of the Company.

The **Policy on Board Nomination and Election of Directors** is attached to this Corporate Governance Manual as **Annex "A"** and is an integral part of this Manual. The Board shall have the authority to amend or modify this Policy or to adopt an entirely new Policy consistent with laws, regulations and corporate governance best practices.

2-7. Related Party Transactions

The Board shall have the overall responsibility in ensuring that there is a group wide policy and system governing RPTs and other unusual or infrequently occurring transactions, particularly those which pass thresholds of materiality. The Company shall adopt a policy on related party transactions, which shall:

1. Include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions;
2. Encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations; and
3. Include the definition of
 - A. related parties;
 - B. the coverage of the RPT policy;
 - C. guidelines in ensuring arm's-length terms;
 - D. identification and prevention or management of potential or actual conflicts of interest which arise;

- E. adoption of materiality thresholds; internal limits for individual and aggregate exposures;
- F. whistle-blowing mechanisms; and
- G. restitution of losses and other remedies for abusive RPTs.

The **Policy and System Governing Related Party Transactions** is attached to this Corporate Governance Manual as **Annex "B"** and is an integral part of this Manual. The Board shall have the authority to amend or modify this Policy or to adopt an entirely new Policy consistent with laws, regulations and corporate governance best practices.

2-8. Management Team and control functions; selection and assessment

The Board shall be primarily responsible for approving the selection and assessment of the Management led by the Chief Executive Officer (CEO), and the control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

1. In the selection process, fit and proper standards are to be applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business, either current or planned.
2. The Board shall monitor and assess the performance of the Management Team based on established performance standards that are consistent with the Company's strategic objectives, and shall conduct a regular review of the Company's policies with the Management Team.
3. The Board shall establish an effective performance management framework that will ensure that the performance of the Management, including the Chief Executive Officer, and of the Officers and employees is at par with the standards set by the Board and Senior Management.
4. The results of performance evaluation shall be linked to other human resource activities such as training and development, remuneration, and succession planning.
5. These should likewise form part of the assessment of the continuing fitness and propriety of Management, including the Chief Executive Officer, and personnel in carrying out their respective duties and responsibilities.

2-9. Internal control system

The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders.

1. In the performance of the Board's oversight responsibility, the minimum internal control mechanisms shall include overseeing the implementation of the key control functions, such as risk management, compliance and internal audit, and reviewing the corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.
2. The Board shall approve the Internal Audit Charter, which shall include mechanisms for monitoring potential conflicts of interest of Board Members, Management, and shareholders. The Company's **Internal Audit Charter** is attached to this Corporate Manual and is an integral part hereof as **Annex "C"**.

2-10. Enterprise Risk Management

The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risk, which shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

The Board shall be responsible for defining the Company's level of risk tolerance and for providing oversight over its risk management policies and procedures.

2-11. Board Charter

The Board shall adopt a Board Charter that will formalize and clearly state its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the Directors in the performance of their functions and should be publicly available and posted on the Company's website.

The **Charter of the Board of Directors** of Country Bankers Life Insurance Corporation is attached to this Manual of Corporate Governance as **Annex "D"** and is an integral part of this Manual.

3. ESTABLISHING BOARD COMMITTEES

The Board shall establish Board Committees to support the effective performance of the Board's functions, to allow for specialization in issues and to lead to a better management of the Board's workload. Such Committees shall include **Audit, Risk Management, Related Party Transactions, Corporate Governance**, other key corporate governance concerns, such as **Nominations and Remuneration**, and such other Committees as the Board may deem appropriate. The composition, functions and responsibilities of all Board Committees shall be contained in the respective Charters of the Committees, which shall be made publicly available.

3-1. THE COMPLIANCE AND RISK OVERSIGHT COMMITTEE

The Board shall establish 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.

The Audit Committee shall be responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

1. The Audit Committee shall be composed of at least three (3) appropriately qualified Non-Executive Directors, the majority of whom, including the Chairman, shall be Independent Directors.
2. All of the members of the Audit Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the Chairman of the Board or of any other Committees.
3. The Audit Committee shall have the following duties and responsibilities, among others:

Internal Audit

- A. Recommend approval of the Internal Audit Charter (IA Charter), which shall formally define the role of Internal Audit and the audit plan, as well as oversee the implementation of the IA Charter;
- B. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control

system, integrity of financial reporting, and security of physical and information assets. The Committee shall ensure that well-designed internal control procedures and processes that will provide a system of checks and balances are in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Company's financial data, and (d) ensure compliance with applicable laws and regulations;

- C. Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall approve the outsourcing internal audit services if such is necessary and shall approve the terms and conditions thereof;
- D. Establish and identify the reporting line of the Chief Audit Executive to enable him to properly fulfill his duties and responsibilities. For this purpose, the Chief Audit Executive should directly report to the Audit Committee;
- E. Review and monitor Management's responsiveness to the findings and recommendations of Internal Audit;

Audit by Independent External Auditor

- F. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- G. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The Committee should disallow any non-audit work that will conflict with duties as an External Auditor or may pose a threat to the External Auditor's independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report;
- H. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- K. Review the disposition of the recommendations in the External Auditor's management letter.

Further, the Audit Committee shall:

- L. Perform oversight functions over the Company' Internal and External Auditors. It shall ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all pertinent and relevant records, properties and personnel to enable them to perform their respective audit functions;
- M. Coordinate, monitor and facilitate compliance with laws, rules and regulations; and
- N. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, who must be duly accredited by the SEC, who shall undertake an independent audit of the Company and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.
- O. The Audit Committee shall meet with the Board as deemed necessary or appropriate without the presence of the CEO or other Management team members, and shall periodically meet with the head of the Internal Audit.

The **Charter of the Audit Committee** of Country Bankers Life Insurance Corporation is an integral part of this Manual and is attached hereto as **Annex "E"**.

3-2. THE CORPORATE GOVERNANCE COMMITTEE (FUNCTIONS AS THE REMUNERATION COMMITTEE AND NOMINATIONS COMMITTEE)

The Board shall establish a Corporate Governance Committee that shall be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the Compensation or Remuneration Committee.

1. The Corporate Governance Committee shall be composed of at least three (3) members, two (2) of whom shall be Non-executive Directors and one (1) shall be an Independent Director.
2. The Corporate Governance Committee (CG Committee) shall be tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It shall have the following duties and functions, among others:

Corporate Governance Framework

- A. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of any material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;

Performance Evaluation

- B. Oversee the periodic performance evaluation of the Board and its Committees as well as executive management, and conducts an annual self-evaluation of its performance;
- C. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

Training for Directors and Officers

- D. Recommend continuing education/training programs for Directors consistent with or supplemental to the Training Program for Directors as contained in this Manual; assignment of tasks/projects to Board Committees, succession plan for the Board members and Senior Officers, and remuneration packages for corporate and individual performance;
- E. Propose and plan relevant training programs for the members of the Board;

Corporate Governance Policies

- F. Recommend corporate governance policies for approval by the Board of Directors and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;

Functions as Remuneration or Compensation Committee

- G. Establish a formal and transparent procedure to develop a policy for determining the remuneration of Directors and Officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates.
- H. To review and recommend, with delegated responsibility, the remuneration packages of Directors and Officers, keeping in mind the Board's corporate goals, objectives and strategies. This shall include, without limitation, basic salaries, deferred compensation, stock options and any benefits in kind, pension rights, incentive payments and any other compensation payments;
- I. To ensure that no Director is involved in determining his own remuneration, recommendations of the Committee increasing the remuneration of the Board, if eventually approved, shall not take effect until after the expiration of the term of the Board;
- J. To administer and oversee the Company's stock option plan and policy, if any, in accordance with the terms and conditions of the stock option policy, including the granting of stock options to the Company's Directors and Officers and the exercise of options by them thereunder (including, but not limited to, number of options,

exercise price, option period, minimum period which must be held before the options can be exercised and performance targets which must be met before the options can be exercised), and/or to administer and oversee any other share incentive policy or other equity-based compensation in place from time to time;

The **Charter of the Corporate Governance Committee** of Country Bankers Life Insurance Corporation is an integral part of this Manual and is attached hereto as **Annex “F”**.

3-3. THE BOARD RISK OVERSIGHT COMMITTEE

Enterprise risk management is integral to an effective corporate governance process and the achievement of a company's value creation objectives. The Board shall establish a separate Board Risk Oversight Committee (BROC) that will be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

1. The BROC shall be composed of at least three (3) members, the majority of whom shall be Independent Directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other Committee.
2. At least one (1) member of the Committee must have relevant thorough knowledge and experience on risk and risk management.
3. The BROC shall have the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place to enable the Board and top management to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. The BROC shall have the following duties and responsibilities, among others:
 - A. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
 - B. Oversee the implementation of the enterprise risk management plan through a management risk oversight committee. The BROC shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports

and assess how the concerned units or offices are addressing and managing these risks;

- C. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROCC shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- D. Advise the Board on its risk appetite levels and risk tolerance limits;
- E. Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
- F. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- G. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- H. Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

The **Charter of the Board Risk Oversight Committee** of Country Bankers Life Insurance Corporation is an integral part of this Manual and is attached hereto as **Annex "G"**.

3-4. THE RELATED PARTY TRANSACTIONS COMMITTEE

The Board shall establish a Related Party Transaction (RPT) Committee, which shall be tasked to review all material related party transactions of the Company.

The RPT Committee shall be composed of at least three (3) Non-executive Directors, two (2) of whom shall be Independent Directors. The RPT Committee shall have the following functions and responsibilities, among others:

- A. Evaluate on an on-going basis existing relations between and among businesses and counter-parties to ensure that related parties are identified, RPTs are monitored and changes in relationships (e.g. from non-related to related and vice versa) are captured. Such matters should be reflected in the relevant reports to the Board and the regulators.
- B. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms than similar transactions with non related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
- C. In evaluating RPTs, the Committee shall take into account:
 - the related party's relationship to the Company and interest in the transaction;
 - the material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - the benefits to the Corporation of the proposed RPT;
 - the availability of other sources of comparable products or services; and
 - whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

The Company shall exercise due diligence in determining a fair price for RPTs and to extent practicable shall have an effective price discovery system.

- D. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.

- E. Report to the Board of Directors on a regular basis the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- F. Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and
- G. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

The **Charter of the Related Party Transactions Committee** of Country Bankers Life Insurance Corporation is an integral part of this CG Manual and is attached as **Annex "H"**.

Committee Charters

All established Committees shall have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources, and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees. It should also be fully disclosed on the Company's website.

The Charter of each Committee shall clearly define the roles and accountabilities of each Committee to avoid any overlapping functions, towards having a more effective Company Board.

The Charters of each of the Committees are attached to this Corporate Governance Manual and are integral parts hereof.

4. FOSTERING COMMITMENT

To show full commitment to the Company, Directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities as Directors, including sufficient time to be familiar with the business of the Company.

1. Directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when

justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.

- A. Directors shall review meeting materials Board and Committee meetings, and if called for, ask the necessary questions or seek clarifications and explanations.
- B. The absence of a Director in more than fifty per cent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.
- C. The Non-executive Directors of the Board shall concurrently serve as Directors to a maximum of five (5) Insurance Commission Regulated Entities 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.
- D. A Director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

5. REINFORCING BOARD INDEPENDENCE

The Board shall endeavor to exercise objective and independent judgment on all corporate affairs.

- 1. The Board should be composed of at least twenty percent (20%) Independent Directors.
- 2. The Board, principally acting through the CG Committee, shall ensure that its Independent Directors possess the necessary qualifications and none of the disqualifications for an Independent Director to hold the position. An Independent Director is a person who:
 - A. Is not or was not a regular director, officer or employee of the Company, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of election/appointment;
 - B. Is not or was not a regular director, officer, or employee of the Company's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;

- C. Is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the Company, or in any of its related companies or of its majority corporate shareholders;
- D. Is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the Company or any of its related companies or of any of its substantial stockholders;
- E. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders;
- F. Is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
- G. Is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Company 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 company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- H. Was not appointed in the Company, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/ appointment;
- I. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and,
- J. Is not employed as an executive officer of another company where any of the Company's executives serve as regular directors.

Related company refers to: (a) the Company's holding/parent company; (b) its subsidiaries or affiliates; (c) subsidiaries of its holding/parent company; or (d) a corporation where the Company or its majority stockholder own

such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

3. Independent Directors shall serve for a maximum cumulative term of nine (9) years, reckoned in accordance with the pertinent rules of the SEC and/or the Insurance Commission after which the Independent Director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a Non independent Director.
 - A. In the instance that the Company believes it is beneficial to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.
4. The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each should have clearly defined responsibilities.
 - A. The roles and responsibilities of the Chairperson are provided above.
 - B. The Chief Executive Officer shall have the following roles and responsibilities, among others:
 1. Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
 2. Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
 3. Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
 4. Shall have a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
 5. Direct, evaluate, and guide the work of the key officers of the Company;
 6. Manage the Corporation's resources prudently and ensure a proper balance of the same
 7. Provide the Board with timely information and interface between the Board and the employees;

8. Build the corporate culture and motivate the employees of the Company; and
 9. Serve as the link between internal operations and external stakeholders.
5. If the Chairperson of the Board is not an Independent Director, the Board shall designate a lead Director as practicable among the Independent Directors, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.
 6. A Director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same.
 7. The Non-executive Directors (NEDs) shall 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. The meetings should be chaired by the lead Independent Director, if one has been designated.

6. ASSESSING BOARD PERFORMANCE

The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and whether it possesses the mix of backgrounds and competencies as shall be appropriate for the business of the Company.

1. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members, and Committees. Every three (3) years, as much as practicable, the assessment should be supported by an external facilitator.
2. The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, Committees and such system should allow for a feedback mechanism from the shareholders.

7. STRENGTHENING BOARD ETHICS

Members of the Board shall be duty-bound to apply high ethical standards, taking into account the interests of all shareholders as well as stakeholders.

A. The Board has adopted a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, Management, Officers and Employees.

The Company's Code of Business Conduct and Ethics is posted on the Company's website and is available to the public.

B. The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

IV. DISCLOSURE AND TRANSPARENCY

1. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

1. The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that give a fair and complete picture of the Company's financial condition, results, and business operations.

The Company's disclosure policies and procedures shall be practical and in accordance with best practices and regulatory requirements.

2. Policy on reporting of dealings of Directors and Officers in shares of stock of the Company.
3. The Board shall fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. Disclosure shall include Directors and Key Officers' qualifications, share ownership in the Company, membership of other boards, other executive positions, continuous trainings attended, and identification of Independent Directors.
4. The Company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report consistent with the ASEAN

Corporate Governance Scorecard and the Revised Corporation Code. Further, the Company shall disclose such policies on an individual basis, including termination and retirement provisions.

5. The Company shall disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Company Report or Annual Corporate Governance Report. Directors and Key Executives shall report to the Board when there are RPTs that could influence their judgment.
6. The Company's Corporate Governance policies, programs, and procedures are contained in its Manual on Corporate Governance and the Annexes of the Manual forming an integral part thereof, which shall be submitted to regulators and posted on the Company's website.

2. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

1. The Audit Committee shall establish a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the Company website and required disclosures.
2. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.
3. The Company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall be alerted 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.

3. INCREASING FOCUS OF NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Company shall ensure that the material and reportable non-financial and sustainability issues are disclosed.

1. The Board shall have 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. The Company shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

4. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, which channel is crucial for informed decision-making by investors, shareholders, stakeholders and other interested users.

The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.

V. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

1. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT NETWORK

To ensure the integrity, transparency and proper governance in the conduct of its business, the Company shall have a strong and effective internal control system and enterprise risk management framework.

1. The Company shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.
2. The Company shall have 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. The internal audit function shall include among others:

A. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in

- promoting the right values and ethics;
- ensuring effective performance management and accounting in the organization;
- communicating risk and control information; and
- coordinating the activities and information among the Board, external and internal auditors, and Management;

- B. Perform regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;
- C. Perform regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;
- D. Perform consulting and advisory services related to governance and control as appropriate for the organization;
- E. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- F. Review, audit and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;
- G. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- H. Evaluate specific operations at the request of the Board or Management, as appropriate; and
- I. Monitor and evaluate governance processes.

The Company's internal audit activity shall be a fully resourced activity housed within the corporate organization or, as may be deemed necessary or

appropriate, may be outsourced to qualified independent third party service providers.

The Internal Audit Charter of the Company is an integral part of and attached to this Manual as an integral part hereof as **Annex "C"**.

3. The Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including any portion that may be outsourced to third party service providers.
4. The CAE, in order to achieve the necessary independence to fulfill duties and responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. The following shall be the responsibilities of the CAE, among others:
 - A. Periodically review the Internal Audit Charter and present it to Senior Management and the Board Audit Committee for approval;
 - B. Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
 - C. Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
 - D. Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
 - E. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
 - F. Present findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.
5. The Company shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function shall include the following activities, among others:
 - A. Defining a risk management strategy;

- B. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
 - C. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;
 - D. Establishing a risk register with clearly defined, prioritized and residual risks;
 - E. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
 - F. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
 - G. Monitoring and evaluating the effectiveness of the organization's risk management processes.
6. The Company shall have a Chief Risk Officer (CRO), who shall manage the Company's Risk Management System. The CRO shall be the ultimate champion of Enterprise Risk Management (ERM) and shall have adequate authority, stature, resources and support to fulfill his responsibilities, subject to the Company's size, risk profile and complexity of operations.
7. The CRO shall have the following functions, among others:
- A. Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
 - B. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
 - C. Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
 - D. Suggest ERM policies and related guidance, as may be needed; and

E. Provide insights on the following:

- Risk management processes are performing as intended;
- Risk measures reported are continuously reviewed for effectiveness;
- Established risk policies and procedures are being complied with.

There shall be clear communication between the Board Risk Oversight Committee and the CRO.

VI. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

A. PROMOTING SHAREHOLDER RIGHTS

The Company shall treat all shareholders fairly and equitably, and recognize, protect and facilitate the exercise of their rights.

1. The Board shall ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the Company's website.
2. The Board shall adopt a policy informing the shareholders of all their rights and to encourage them to exercise their rights by providing clear-cut processes and procedures for them to follow. Shareholders' rights relate to the following, among others:
 - A. Pre-emptive rights, consistent with the Corporation Code and the Company's Articles of Incorporation.
 - B. Right to vote consistent with the Corporation Code, relevant laws and jurisprudence, and the Company's Articles of Incorporation and By-Laws.
 - C. Right to dividends, consistent with the Corporation Code and Philippine jurisprudence. The dividend policy of the Company shall be disclosed in the Company's Annual Report.
 - D. Policy on the period for payment of cash dividends: Cash dividends shall be paid to shareholders within thirty (30) days from declaration.
 - E. Right of shareholders, including minority shareholders, to nominate candidates to the Board of Directors in accordance with law and

consistent with the Company's nominations policies and processes and the rules and regulations of the SEC pertinent to the nomination of candidates.

The Company shall fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

3. Shareholders holding at least ten per cent (10%) of the Company's outstanding capital stock shall have the right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting.
4. The nomination process and voting procedures that govern the Annual and Special Shareholders' Meeting shall be disclosed in the Company's Information Statement circulated to the shareholders prior to annual and special meetings of the shareholders and shall be timely posted on the Company's website.
5. Shareholders shall be given sufficient information in a timely manner prior to voting to encourage and enable participation in the voting on fundamental corporate changes such as:
 - A. Amendments to the Articles of Incorporation and By-Laws of the Company;
 - B. The authorization to increase in authorized capital stock; and
 - C. Extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the company.
6. In all instances of voting by shareholders:
 - A. The right to vote by proxy as provided by law shall be respected and proxy materials shall be timely distributed within the periods and in the manner that are allowed by law and are consistent with corporate governance best practices, including to the extent possible or practicable, the electronic distribution of proxy materials; (NOTE: sending materials by email is convenient but is not consistent with the Corporation Code)
 - B. Voting procedure shall be explained;
 - C. Voting shall be by poll (balloting) and votes shall be tabulated and announced at the stockholders' meeting.
7. The Board should encourage active shareholder participation by:

- A. Sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) days before the meeting. The Notice and relevant information regarding the Shareholders' Meeting, including the Proxy Statement, shall be posted on the Company's website
 - B. Making the result of the votes taken, with approving and dissenting votes indicated, during the most recent Annual or Special Shareholders' Meeting publicly available the next working day by posting such results on the Company website.
 - C. Making the Minutes of the Annual and Special Shareholders' Meeting available on the Company website within five (5) business days from the end of the meeting. Such Minutes shall include:
 - A description of the voting and the vote tabulation procedures used;
 - The opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received;
 - The matters discussed and the resolutions reached;
 - A record of the voting results for each agenda item;
 - A list of the Directors, Officers and, as practicable, shareholders who attended the meeting; and
 - Dissenting opinion on any agenda item that is considered significant in the discussion process.
8. The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner, which shall be included in the company's Manual on Corporate Governance.

VII. DUTIES TO SHAREHOLDERS

1. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER RIGHTS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments shall be respected. Where stakeholders' rights and/or

interests are at stake, stakeholders shall have the opportunity to obtain prompt and effective redress for the violation of their rights.

1. The Board shall identify the Company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.
2. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
3. The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights.

2. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation shall be developed to create a symbiotic environment, realize the Company's goals and participate in its corporate governance processes.

1. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.
 - A. Such policies and programs shall cover:
 - Health, safety and welfare;
 - Training and development; and
 - Reward/compensation for employees that encourages employees to perform better and motivates them to take a more dynamic role in the corporation.
 - B. To further foster active participation, the Company shall recognize the firm specific skills of its employees and their potential contribution in corporate governance. The employees' viewpoint in certain key decisions may also be councils or employee representation in the board.
2. The Board shall adopt an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.

The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the

Board or a unit created to handle whistleblowing concerns. The Board shall supervise and ensure its enforcement.

The Company's Whistle Blowing Policy is contained in the Company's Code of Business Conduct and is available on the Company's website.

3. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

1. The Company recognizes and places importance on the interdependence between business and society, and shall promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.
2. The Company shall comply with existing regulations and as appropriate voluntarily employ value chain processes that take into consideration economic, environmental, and social and governance issues and concerns. In considering sustainability concerns, the Company plays an indispensable role alongside the Government and other sectors in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

This Corporate Governance Manual was adopted by the Board of Directors of Country Bankers Life Insurance Corporation on _____.

Annex “A”

POLICY ON NOMINATION AND ELECTION OF DIRECTORS

A. The Responsibility of the Board

This Policy on Nomination and Election of Directors is adopted pursuant to the responsibility of the Company's Board of Directors to develop a policy on Board nomination. This Policy is an integral part of the Company's Corporate Governance Manual and shall remain in force and effect unless and until it is duly amended or modified by the Board of Directors.

General

1. Review and assess the structure, size and composition of the Board;
2. Examine and assess effectiveness of the Board's selection standards, nomination and recruitment process of directors;
3. Review at least once a year the independence of the members of the Board of Directors;
4. Perform such other duties and responsibilities that may be delegated to the Committee by the Board from time to time.

B. Right of Minority Shareholders to nominate Candidates for election to the Board and the effective exercise of such right

Nomination

1. Minority shareholders have the right to nominate candidates for election to the Board. The Company recognizes and respects this right, regardless of number of shares of stock held.
2. Ensure that all directors to be nominated for election at the next Annual General Stockholders Meeting have the qualification and none of the disqualifications and that their nominations are fair, transparent and in compliance with applicable laws, rules and regulations as well as the Corporation's By-laws and Manual of Corporate Governance;
3. Encourage the formal, fair and transparent selection of a mix of competent directors in accordance with the Board Diversity Policy, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies;
4. Review and evaluate the qualifications of all persons nominated to positions in the Corporation which require appointment by the Board,

providing guidance and advice as necessary for appointments made by the Chairperson or President;

5. Nominations should be accompanied by:
 - A. A profile of the nominee, which shall include biographical information and contact information of the nominee and further shall focus on the nominee's academic qualifications; professional and work experience; current business, profession activities and employment; and knowledge, experience and expertise that will significantly contribute to the performance by the Board of its tasks of overseeing the management and governance of the Company and of fulfilling its responsibility to foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.
 - B. Written consent of the nominee to the nomination; and
 - C. References of the nominee with contact information and the written consent of the nominee for the Company to communicate with such references for verification purposes.

C. Review of review qualifications of nominated candidates for the Board

1. The CG Committee shall be responsible for the review and evaluation of the qualifications of persons nominated to the Company's Board of Directors, including nominees for Independent Director of the Company. In compliance with such responsibility the Corporate Governance Committee shall:
 - A. Review the qualifications of all nominees for election to the Company's Board of Directors and evaluate their qualifications and competence to be elected to the Board, including whether candidates possess:
 - The knowledge, skills, experience, and particularly in the case of Non-executive Directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile
 - A record of integrity and good repute;

- Sufficient time to carry out their responsibilities; and
 - The ability to promote a smooth interaction between Board members.
- B. Prepare a Final List of Candidates for Election as Directors of the Company, consistent with the Company's By-Laws and the pertinent SEC and/or Insurance Commission rules and regulations.
2. In the performance of its duties and responsibilities, the Nominations Committee shall have discretion and authority:
- A. To screen out, and not to include in the Final List of Candidates, the names of nominees who have any of the disqualifications for election to the Company's Board or whose nomination shall, in the reasonable determination of the Committee (subject to consultations with the Board), be detrimental to the long-term interests of the Company, such where the nominee has publicly expressed antagonism towards the Company and the business or industry in which the Company is engaged or has acted in a manner prejudicial to the Company's interests;
 - B. To use professional search firms or external sources as practicable in searching for candidates to the Board where in the judgment of the Committee the use of such firms is necessary.

D. Disqualifications (permanent or temporary) for election as directors

1. The following shall grounds for permanent disqualification for election as Director:
- A. Persons who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft;
 - B. Persons who have been convicted by final judgment of the court for violation of insurance laws;
 - C. Persons who have been judicially, declared insolvent, spendthrift or unable to enter into a contract; or

- D. Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the insurance Commission;
2. The following shall be grounds for temporary disqualification for election as a Director:
- A. Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as the refusal persists;
 - B. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special of the Board of Directors during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;
 - C. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;
 - D. Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
 - E. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification of the Insurance Commission;
 - F. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
 - G. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
 - H. Those under preventive suspension;
 - I. Persons with derogatory records with the NBI, court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the

government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;

J. Persons who are delinquent in the payment of their obligations as defined hereunder:

- Delinquency in the payment of obligations means that obligations of a person with the insurance company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
- Obligations shall include all borrowings from an insurance company, or its related companies obtained by:
 1. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorsers, or surety for loans from such institutions;
 2. The spouse or child under the parental authority of the director or officer;
 3. Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officer;
 4. A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
 5. A corporation, association or firm wholly owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing first, second, and fourth items.

This disqualification should be in effect as long as the delinquency persists.

E. Independent Directors

1. An Independent Director is a member of the Board of Directors of the Company and is person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director.
2. Consistent with the Company's Manual on Corporate Governance, an Independent Director is a person who:
 - A. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
 - B. Is not, and has not been in the three (3) years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;
 - C. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;
 - D. Is not an owner of more than two per cent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
 - E. Is not a relative of a Director, Officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
 - F. Is not acting as a nominee or representative of any Director of the Company or any of its related companies;
 - G. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business

or other relationship within the three (3) years immediately preceding the date of his election;

- H. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- I. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and
- J. Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

Related companies, as used herein, refer to (a) the Company's holding/parent company (if any); (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

This **Policy on Nominations and Elections of Directors** was approved by the Board of Directors at its meeting held on _____ and shall take effect immediately.

Attest:

Chairperson of the Board

Corporate Secretary
Compliance Officer

Chief

Annex “B”

POLICY AND SYSTEM GOVERNING RELATED PARTY TRANSACTIONS

A. Policy Statement

It is the policy of Country Bankers Life Insurance Corporation (the “Company”) that transactions between the Company or any of its subsidiaries and a Related Party as defined herein shall be subject to review and approval to assure that they are (1) at arms-length basis; (2) occur at market prices; and (3) under terms and conditions that are fair and will redound to the best interest of the Company, its subsidiaries and shareholders.

Related party transactions (RPTs) shall be reviewed, approved, reported, and disclosed in accordance with this Policy and consistent with the principles of transparency and fairness, all applicable accounting standards, disclosure requirements, and principles of good corporate governance

The Company shall at all times observe and adhere to the provisions of the Corporation Code, the Insurance Code, its Articles of Incorporation and By-Laws, and other relevant laws, rules and regulations as may be applicable in the review, approval, and disclosure of RPTs, and shall observe, uphold, and respect the rights of the shareholders as a whole.

The Company recognizes that RPTs are not *per se* prohibited. They can serve important business purposes and offer legitimate advantages. However, in recognition of potential conflicts of interest, such transactions must be done on fair and arms-length terms for the benefit of the Company and its stockholders as a whole, considering the relevant circumstances. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

B. Coverage

This Policy covers related party transactions between the Company and a Related Party as defined below, or between a subsidiary or affiliate of the Company and a Related Party as defined below. The Company shall ensure that its subsidiaries shall carry out the review and approval of RPTs review in accordance with this Policy.

In addition, the Company is given the discretion to set the materiality threshold at a level where omission or misstatement of the transaction could pose a significant risk to the company and influence its economic decision. T

Depending on the materiality threshold, approval of management, the RPT Committee, the Board or the shareholders may be required. In cases where the shareholders' approval is required, it is good practice for interested shareholders to abstain and let the disinterested parties or majority of the minority shareholders decide.

C. Definitions

1. A **related party** is a person or entity that is related to the Company or any of its subsidiaries or affiliates ("covered entity");²
2. A person or a close member of that person's family is related to a covered entity if that person:
 - has control or joint control over the covered entity;
 - has significant influence over the covered entity; or
 - is a member of the key management personnel of the covered entity or of a parent of the covered entity.
3. An entity is related to a covered entity if any of the following conditions applies:
 - The entity and the covered entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

² The definitions of "Related Parties" and "Related Party Transactions" are based on Philippine Accounting Standard (PAS) 24.

- One entity is an associate or joint venture of the other entity {or an associate or joint venture of a member of a group of which the other entity is a member}.
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the covered entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the covered entity.
 - The entity is controlled or jointly controlled by a person identified in (2).
4. A **related party transaction** is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
5. **Close members of the family** of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
- that person's children and spouse or domestic partner;
 - children of that person's spouse or domestic partner; and
 - dependents of that person or that person's spouse.

6. **Control** is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity.
7. **Key management personnel** are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
8. **Material RPTs** are transactions with a Related Party which involve an aggregate amount or value equal to or greater than Fifty Million Pesos (Php 50,000,000.00) over a twelve (12) month calendar year period or such amount as may be recommended by the RPT Committee and approved by the Board of Directors of the Company.
9. **Significant influence** is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.
10. **Subsidiary** is a corporation more than fifty per cent (50%) of the voting stock of which is owned or controlled, directly or indirectly, through one or more intermediaries, by another corporation, which thereby becomes the parent corporation.
11. **Affiliate** is a corporation that directly or indirectly, through one or more intermediaries, is controlled by, or is under common control with, another corporation.

D. Review of Related Party Transactions by the Related Party Transaction Committee

1. Material RPTs shall be subject to review by the Related Party Transaction Committee (the "RPT Committee") to determine whether they are in the best interests of the Company and shareholders, for endorsement to the Board of Directors for approval.
2. In the review of RPTs, the following shall be considered:

- The terms of the transaction, which shall be fair and arms-length;
 - The aggregate value of the transaction;
 - The purpose and timing of the transaction;
 - The benefits to the Company of entering into the transaction;
 - The extent of the Related Party's interest in the transaction;
 - Whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances; and
 - Any material information or other factors as may be deemed relevant.
3. The RPT Committee may establish guidelines to manage potential, and monitor actual conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs

E. Notification and Dissemination

The Chief Compliance Officer shall give notice of and disseminate this Policy to each of the Company's subsidiaries and affiliates. The Company shall work with its subsidiaries and affiliates to implement this Policy and to adopt their own policy on related party transactions consistent with this Policy

F. Whistleblowing Mechanism

The Company has an existing whistleblowing mechanism that allows employees to freely communicate confidentially and without fear of retaliation, legitimate concerns about illegal, unethical or questionable transactions that would include RPTs. The Board shall supervise and ensure its enforcement.

G. Restitution for losses and other remedies for abusive RPTs

Whenever applicable, the Company shall discontinue a related party transaction if found abusive and demand restitution of losses or opportunity costs it incurred from such related party transaction.

H. Effectivity

This **Policy on Related Party Transactions** was approved by the Board of Directors at its meeting held on _____ and shall take effect immediately.

Attest:

Chairperson of the Board

Corporate Secretary

Chief Compliance Officer

Annex “C”

INTERNAL AUDIT CHARTER

A. Introduction

This Internal Audit Charter of Country Bankers Life Insurance Corporation (the “Company”) sets forth among others the purpose, objectives, authority, scope, duties and responsibilities, and accountability of the Internal Audit Department (the “IAD”) as prescribed by the Company's Audit Committee Charter (the “ACC”) and Corporate Governance Manual (the “Manual”).

B. Purpose

Internal auditing is an important management tool and is one of the ways the Company's Management maintains the integrity, efficiency, and effectiveness of its financial, operational, information, and other management control systems. Internal Audit operates as an independent yet integral part of Management, conducting its duties professionally and with objectivity.

Internal Audit assists the Board in ensuring that the Company's operations are conducted according to the highest standards by providing an independent and objective assurance and consulting function, and by advising on leading practices. Through a systematic and disciplined approach, the IAD helps the Board accomplish its objectives by evaluating and improving the effectiveness of risk management, control, and governance processes, and discharging other duties and powers as may be delegated to the Committee by the Board, and as required under the Manual, and the Revised Code of Corporate Governance For Insurance Commission Regulated Companies.

C. Independence and Objectivity

The IAD shall remain free from interference by any element, including matters of audit selection, scope, procedure, frequency, timing, or report content, to permit maintenance of a necessary independent and objective mental attitude.

The IAD must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant

circumstances and shall not be unduly influenced by their own interests or by others in forming judgments.

D. Organization

4. The Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including any portion that is outsourced to a third party service provider.
5. The IAD and the CAE report functionally to the Audit Committee and administratively to the Chief Executive Officer (CEO).
6. All decisions regarding the qualifications, performance evaluation, appointment, or removal of the CAE, as well as the CAE's annual compensation and salary adjustments shall be subject to the approval of the Board through the Audit Committee.
7. The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. The following are the responsibilities of the CAE, among others:
 - Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
 - Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
 - Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;

- Spearheads the performance of the internal audit activity to ensure it adds value to the organization; e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

E. Functions

Consistent with the roles and responsibilities cited in the charter of the Audit Committee, the IAD shall provide independent and objective assurance and consulting services designed to add value and improve the company's operations. The IAD functions shall include among others:

8. Provide an independent risk-based assurance service to the Board, Audit Committee, and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics; (2) ensuring effective performance management and accounting in the organization; (3) communicating risk and control information; and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
9. Perform regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
10. Perform consulting and advisory services related to governance and control as appropriate for the organization;
11. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
12. Review, audit and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;

13. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
14. Evaluate specific operations at the request of the Board or Management, as appropriate; and
15. Monitor and evaluate governance processes.

F. Accountability

The IAD, in the discharge of its duties, shall be accountable to the Committee and the Board to:

16. Provide periodically an assessment on the adequacy and effectiveness of the Company and its subsidiaries' and/or affiliates' processes for controlling their activities and managing their risks in the areas set forth under the mission and scope of work;
17. Report significant issues related to the processes for controlling the activities of the Company and its subsidiaries and/or affiliates, including potential improvements to those processes information concerning such issues through resolution;
18. Periodically provide information on the status and results of the Annual Audit Plan and the sufficiency of group resources; and
19. Coordinate with, and provide oversight over other control and monitoring functions (risk management, compliance, security, legal, ethics, environment, external audit).

G. Effectivity

This Internal Audit Charter was adopted and approved on _____.

Attest:

Chairperson of the Audit Committee

Corporate Secretary
Officer

Chief Compliance

Annex “D”

CHARTER OF THE BOARD OF DIRECTORS

A. Introduction

The Board of Directors of Country Bankers Life Insurance Corporation (the "Company") is the governing body of the Company elected by the stockholders and mandated by law to exclusively exercise the powers of the corporation, conduct all its business and control its properties. The Board is the ultimate authority in the Company in matters of governance and in managing the corporate business. The Board, acting as a Board, has full power and authority to manage the business of the Company and to exercise their best business judgment consistent with the fiduciary duties of the Board and its members.

This Charter of the Board formalizes and clearly states its roles, responsibilities and accountabilities in carrying out the fiduciary duties of the Board. This Charter is adopted to serve as a guide to Board and the directors in the performance of their functions as such.

This Charter supplements and complements, and does not supersede, the Company's Articles of Incorporation and By-Laws, the Corporation Code of the Philippines, the Insurance Code, and relevant rules, regulations, and policies promulgated by competent government authority, among them the Revised Code of Corporate Governance for Insurance Commission Regulated Companies.

B. Composition of the Board of Directors

1. **Number of Directors:** The Board shall be composed of fifteen (15) members or such number of director as may be provided in an amendment to its Articles of Incorporation, a majority of whom shall be non-executive directors.
2. **Board competency:** The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Company's industry/sector, with an appropriate mix of competence and expertise, each of whom can add value and independent judgment in the formulation of sound corporate strategies and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfil its roles and responsibilities and respond to the needs of the organization

based on the evolving business environment and strategic directors. Each Director must possess the necessary qualifications to effectively participate in, and help secure independent judgment on, corporate affairs and to provide proper checks and balances.

3. **Board diversity:** Directors are elected on the basis of merit. Within that key principle of merit, there shall be diversity among the members of the Board as to gender, age, ethnicity, background, skills, business and other experience, and other distinctions among directors.
4. **Qualifications and Disqualifications of Directors:** The qualifications and disqualifications for election to the Board of Directors are set forth in the Company's Policy on Nomination and Election of Directors, Annex "A" and an integral part of the Corporate Governance Manual of the Company.
5. **Independent Directors:** The Board shall have at least three (3) Independent Directors, or such number of Independent Directors as may be consistent with law. To be considered independent, a Director shall be independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. The qualifications and disqualifications of an Independent Director are set forth in the Corporate Governance Manual of Country Bankers Life Insurance Corporation, specifically Article III (Board of Directors Governance Responsibilities), on Reinforcing Board Independence.

C. Directors' Term of Office; Term Limits for Independent Directors

1. Directors shall hold office for a term of one (1) year, immediately upon their election and until their successors shall have been duly elected and qualified in accordance with the By-Laws of the Corporation and the Corporation Code.
2. Independent Directors shall serve for a maximum cumulative term of nine (9) years, reckoned in accordance with the pertinent rules of the SEC and/or the Insurance Commission after which the Independent Director shall be perpetually barred from re-election as such in the Company, but

may continue to qualify for nomination and election as a non-independent director.

In the instance that the Board in its best judgment believes that it is beneficial to the Company to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

D. Duties and Responsibilities of the Board General responsibilities of the Board and Directors

1. The Board shall exercise the corporate powers, conduct the business, and control the properties of the Company and shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.
2. Consistent with the director's three-fold duty of obedience, diligence and loyalty to the Company, a Director shall:
 - Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and in existing laws, rules and regulations:
 - Exercise the best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company; and,
 - Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

Specific Duties and Responsibilities of the Board

3. To ensure a high standard of governance for the Company, and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board shall:

- Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long term viability and strength.
- Adopt and implement an effective succession planning program for Executive Directors, key Officers and Management towards ensuring growth and continued increase in the shareholders' value and shall adopt a policy on retirement age for key Officers.
- Implement a process of selection of Directors to ensure a mix of knowledge, expertise and experience and balance among Independent, Non-executive and Executive Directors in the context of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- Align as practicable the remuneration of key Officers and of Directors with the long term interests of the Company and oversee Management's adoption of compensation plans and professional development programs for Officers and succession planning for senior Management;
- Adopt a formal and transparent Board nomination and election policy and process that shall be aligned with the strategic direction of the Company and shall include: (i) the right of minority shareholders to nominate candidates for the Board of Directors; (ii) the review and evaluation of the qualifications of all persons nominated to the Board of Directors; and (iii) an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a Director. In addition, it shall include a process of identifying the quality of Directors.

- Constitute an Audit Committee, a Board Risk Oversight Committee, a Nominations Committee, a Compensation Committee, a Corporate Governance Committee, a Related Party Transactions Committee and such other committees that it deems necessary to assist the Board in the performance of its duties and responsibilities;
- Select and appoint the CEO and other Officers of the Company consistent with the Company's By-laws;
- Determine and review, together with Management, the Company's vision, mission and strategic objectives;
- Oversee Management's implementation of business strategies, plans and objectives and periodically evaluate Management's overall performance;
- Oversee Management's establishment and maintenance of effective and adequate financial reporting and internal control systems;
- Oversee Management's adoption and implementation of a system for identifying, monitoring and managing key risk areas, and review Management's reports to the Board on major risk exposures of the Company and the actions taken to monitor, minimize, control or manage such risk;
- Ensure that the Company has an internal audit system that can reasonably assure the Board and Management that the Company's organizational and operational controls are complied with;

- Ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by independent auditors;
- Ensure that the Company complies with all relevant laws, rules and regulations and endeavors to adopt best business practices;
- Ensure that the Company has an effective investor relations program that will keep stockholders and investors informed of important developments in the Company;
- Ensure that the Company has a program for communication with the sectors in the community in which the Company operates or which are directly affected by its operations. The Board, in coordination with Management, shall identify the Company'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;
- Ensure that the Company establishes appropriate governance policies and procedures pursuant to the Company's Manual of Corporate Governance, including, but not limited to, policies on conflict of interest and related party transactions, and oversee the effective implementation thereof;
- Establish and maintain an alternative dispute resolution system in the Company that can, where practicable or feasible, amicably settle conflicts or difference between the Company and its stockholders and the Company and third parties, including regulatory authorities;

- Adopt a globally-recognized standard or framework in reporting sustainability initiatives and accomplishments as well as non-financial information through the Annual Sustainability Report, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, to ensure long term sustainability, social acceptability and financial inclusivity of all stakeholders;
 - Adopt a Code of Business Conduct and Ethics and oversee effective compliance.
4. **Specific Duties and Responsibilities of a Director:** A Director should act in a manner characterized by integrity, transparency, accountability and fairness. Consistent with this, a Director shall:
- Conduct business transactions with the Company fairly. He shall ensure that his personal interest does not conflict with the interests of the Company or affect his independent judgment and the Board's decisions, and fully and immediately disclose an actual or potential conflict of interest that may arise;
 - Devote the time and attention necessary to properly and effectively discharge his fiduciary duties and responsibilities;
 - Act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;
 - Exercise independent judgment;

- Have a working knowledge of the statutory and regulatory requirements that affect the Company and its operations, including the provisions of the Company's Articles and By-Laws, the requirements of the SEC, IC, and other regulatory agencies having jurisdiction over the Company, and keep abreast with industry developments and business trends; and,
- Observe and safeguard confidentiality of non-public information acquired by reason of his position as a Director.

5. Board Meetings

- **Frequency:** The Board shall meet at least ____ times each calendar year as practicable and shall hold meetings before the start of the financial year, immediately after the annual stockholders' meeting, at least once every quarter, and on such other days as may be necessary for the business of the Company.
- **Schedule of meetings:** The schedule of the regular meetings of the Board shall be determined at the beginning of calendar year.
- **Notice of meetings:** Notices and reminders of the scheduled Board meetings shall be sent to directors at least two weeks before the scheduled date by any customary means of communications (e.g. by email, in writing, by telephone, messaging apps). The notice shall specify the time and place of the meeting. Notices of special meetings of the Board shall be sent within a reasonable period prior to the date and time of such special meeting.
- **Agenda and Board materials:** The agenda and materials for the Board meeting, as a general rule and to the extent as

practicable, shall be distributed to all directors at least five (5) business days prior to each Board meeting.

6. **The Chairperson of the Board:** The Board shall be headed by a competent and qualified Chairperson, who shall, if practicable be a Non-executive Director.

The roles and responsibilities of the Chairman shall include:

- Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- Assures the availability of proper orientation for first time directors and continuing training opportunities for all directors; and
- Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on. To ensure

that the meeting agenda focuses on strategic matters, including enterprise risks, considering the developments in the business and regulatory environments, key governance concerns, and important issues that could significantly affect operations;

7. **The Corporate Secretary:** The Corporate Secretary shall be primarily responsible to the Company and its shareholders, and shall work with the Chairman, the President and the Board, to whom the Corporate Secretary is also responsible. The Corporate Secretary, among other duties and responsibilities shall:

- Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual board calendar, and assisting the chairs of the Board and its Committees to set agendas for those meetings;
- Prepare, safe keep and preserve the integrity of, the minutes of the meetings of the Board and its Committees, as well as other official records of the Corporation;
- Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- Work fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its Committees, and the Board and its shareholders and as appropriate its stakeholders.
- Advise on the establishment of Board Committees and their terms of reference;

- Inform members of the Board, in accordance with the By-laws, of the agenda of their meetings to the extent possible at least five (5) working days in advance, and shall ensure that the members have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent attendance;
- Perform required administrative functions;
- Oversee the drafting of the By-laws and ensures that they conform with regulatory requirements; and
- Perform such other duties and responsibilities as may be provided by the Insurance Commission

8. **Directorships in Other Boards:** The Board shall consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. In any case, the capacity of Directors to diligently and efficiently perform their duties and responsibilities to the Company should not be compromised. A Director should notify the Board before accepting a directorship in another company.
9. **Orientation and continuing education programs and training for directors:** All Directors shall comply with the Company's Training Program for Directors, as set forth in the Corporate Governance Manual of the Company (Article III on Establishing a Competent Board).
10. **Compensation of Directors:** Directors shall not receive any compensation as such, except for reasonable per diems for attendance

at meetings, unless such compensation is provided in the By-Laws or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company.

11. **Access to information:** The Board shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Company.

12. **Technical assistance:** The Board may invite such members of Management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.

E. Effectivity

This **Charter of the Board of Directors** was approved by the Board of Directors at its meeting held on _____ and shall take effect immediately.

Attest:

Chairperson of the Board

Corporate Secretary

Chief Compliance Officer

Annex “E”

CHARTER OF THE AUDIT COMMITTEE

A. Introduction

This Charter of the Audit Committee (the "Committee") of Country Bankers Life Insurance Corporation (the "Company") sets forth, among others, the purpose, membership, authority, functions, structure, and procedures, which shall guide the Committee as prescribed by the Company's Corporate Governance Manual (the "Manual"). The Committee shall conduct an annual review and assessment of this Charter, and recommend to the Company's Board of Directors (the "Board") revisions, as it may deem necessary and beneficial to the efficient performance of its functions.

B. Purpose

The primary purpose of the Committee is to enhance the Board's oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be

independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairperson of the Board or of any other committees

C. Organization

1. The Committee shall be composed of at least three (3) appropriately qualified Non Executive Directors, a majority of whom, including the Chairperson, shall be Independent Directors.
2. Members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.

D. Duties and Responsibilities

The Audit Committee has the following duties and responsibilities, among others:

1. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
2. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and t7 regulations;
3. Prior to the commencement of the audit, discusses with the External Auditor the nature, Scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

4. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should 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 and Annual Corporate Governance Report;
5. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
6. Reviews the disposition of the recommendations in the External Auditor's management letter;
7. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted

access to all records, properties and personnel to enable them to perform their respective audit functions;

8. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
9. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
10. The Committee shall timely refer to the Board any matter that in the opinion of the Committee should be brought to the attention of the Board, including but not limited to recommendations requiring Board approval and concerns or issues requiring Board action. In this regard, the Board may require the Committee to prepare such reports or issue such certifications that the Board may deem necessary to address recommendations or concerns regarding critical compliance issues.

The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.

20. Effectivity

This **Charter of the Audit Committee** was approved by the Audit Committee on _____ and shall take effect immediately.

Attest:

Chairperson of the Audit Committee

Annex “F”

CHARTER OF THE CORPORATE GOVERNANCE COMMITTEE

A. Introduction

This Charter of the Corporate Governance Committee (the "Committee") of Bankers Life Insurance Corporation (the "Company") sets forth among others the purpose, membership, authority, functions, structure and procedures, which shall guide the Committee as prescribed by the Company's Corporate Governance Manual (the "Manual").

B. Purpose

The primary purpose of the Committee is 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. It is composed of at least three members, majority of whom should be independent directors, including the Chairperson.

C. Organization

The Committee shall have a minimum of three (3) Members, two (2) of whom shall be Non Executive Directors and one shall be an Independent Director.

D. Duties and Responsibilities

The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

1. Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
2. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
3. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
4. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
5. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
6. Proposes and plans relevant trainings for the members of the Board;
7. Determine the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
8. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates. T

9. The Committee shall timely refer to the Board any matter that in the opinion of the Committee should be brought to the attention of the Board, including but not limited to recommendations requiring Board approval and concerns or issues requiring Board action. In this regard, the Board may require the Committee to prepare such reports or issue such certifications that the Board may deem necessary to address recommendations or concerns regarding critical compliance issues.

E. Effectivity

This **Charter of the Corporate Governance Committee** was approved by the Corporate Governance Committee on _____ and shall take effect immediately.

Attest:

Chairperson of the Corporate Governance Committee

Corporate Secretary

Chief Compliance Officer

Annex “G”

CHARTER OF THE BOARD RISK OVERSIGHT COMMITTEE

A. Introduction

This Charter of the Board Oversight Risk Committee (the "Committee") of Country Bankers Life Insurance Corporation (the "Company") sets forth among others the purpose, membership, authority, functions, structure and procedures, which shall guide the Committee as prescribed by the Company's Corporate Governance Manual (the “Manual”).

B. Purpose

The Committee is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

C. Organization

1. The Committee should be composed of at least three members, the majority of whom should be independent directors, including the Chairperson.

2. The Chairperson should not be the Chairperson of the Board or of any other committee.
3. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

D. Duties and Responsibilities

The Committee is tasked with overseeing the Company's enterprise risk management system, which is integral to an effective corporate governance process and the achievement of a company's value creation objectives. It has the following functions, among others:

1. Develop a formal enterprise risk management plan which contains the following elements:
 - Register of risks;
 - Well-defined risk management goals, objectives and oversight;
 - Uniform processes of assessing risks and developing strategies to manage prioritized risks;
 - Designing and implementing risk management. strategies; and
 - Continuing assessments to improve risk strategies, processes and measures.
2. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee (MROC). The Committee shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management

reports and shall assess how the concerned units or offices are addressing and managing these risks;

3. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments in the industry that may seriously impact the likelihood of harm or loss;
4. Advise the Board on its risk appetite levels and risk tolerance limits;
5. Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impact on the Company's operations;
6. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
7. Provide oversight over Management's activities in managing financial, regulatory, strategic, operations risks and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and,
8. Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

E. Effectivity

This **Charter of the Board Risk Oversight Committee** was approved by the Board Risk Oversight Committee on _____ and shall take effect immediately.

Attest:

Chairperson of the Board Risk Oversight Committee

Corporate Secretary

Chief Compliance Officer

Annex “H”

CHARTER OF THE RELATED PARTY TRANSACTIONS COMMITTEE

A. Introduction

This Charter of the Related Party Transactions (RPT) Committee (the "Committee") of Country Bankers Life Insurance Corporation (the "Company") sets forth the Committee's purposes, authority, duties and responsibilities, structure and procedures which shall guide the Committee as prescribed by the Company's Corporate Governance Manual (the "Manual") adopted pursuant to the Revised Code of Corporate Governance Code for Insurance Commission Regulated Companies.

B. Purpose

The primary purpose of the Committee is to assist the Board in reviewing all material related party transactions of the Company.

C. Organization

1. The Committee shall have a minimum of three (3) Members, each of whom, including the Chairperson thereof, shall be appointed by the Board.
2. The majority of the members of the Committee (the "Members") shall be Independent Directors of the Company.
3. The Chairperson of the Committee shall be an Independent Director.

D. Authority

1. The Committee shall report directly to the Board on its decisions or recommendations.
2. The Committee may require Management to provide it with such corporate records and other documents as may be necessary or appropriate for the Committee to discharge its functions effectively.
3. The Committee is authorized to obtain external legal and other independent professional firms with relevant experience and expertise, to assist and advise the Committee on matters it considers necessary. The Committee shall in consultation with the Board have authority to approve all reasonable related fees and terms of engagement of the external advisers/consultants, which fees shall be borne by the Company.

E. Duties and Responsibilities

The functions of the RPT Committee are provided in the Company's Corporate Governance Manual and include the following among others:

1. Evaluate, on a continuing basis, existing relationships between and among businesses and counter-parties to ensure that all related parties are regularly identified, RPTs, as defined under the RPT Policy, are monitored, and subsequent changes in relationships with counter-parties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board;
2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with these transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
 - The related party's relationship to the Company and interest in the transaction;
 - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - The benefits to the Company of the proposed RPT;
 - The availability of other sources of comparable products or services; and

- An assessment of whether the proposed RPT is subject to terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should exercise due diligence in determining a fair price for RPTs;
3. Report to the Board of Directors on a regular basis, the status and aggregate exposure to each related party, as well as the total amount of exposure to all related parties;
 4. Ensure that transactions with related parties, including write-off of exposure, are subject to a semi-annual independent review or audit process; and
 5. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
 6. The Committee shall timely refer to the Board its recommendations or decisions which require ratification or approval by the Board or as it may deem necessary or proper.

F. Guidelines

In the review and approval of RPT, the Committee shall at all times abide by the following standards:

1. That the RPT is "fair and at arm's length" as defined under the Company's RPT Policy; and
2. That the RPT is in the best interest of the Company and its stockholders, based on relevant circumstances which include as follows:

- Basic terms of the transaction and the related party's interest in the transaction;
- Purpose and timing of the transaction;
- Nature of the Company's participation in the transaction;
- Cost basis and other relevant information if involving sale of assets;
- Information on potential counter-parties in the transaction including market price for similar products and services;
- Description of any provisions or limitations that may be imposed as a result of the transaction; and,
- Any potential reputational risk issues that may arise as a result of or in connection with the transaction.

3. For purposes of this Policy, a Material and/or Significant RPT is defined as a transaction with a Related Party that involves an aggregate amount or value equal to or greater than Fifty Million Pesos (P50, 000,000.00) over one (1) calendar year ("Material and/or Significant RPT) or such other amount as the Board may determine upon recommendation of the Committee.

G. Effectivity

This **Charter of the Related Party Transactions Committee** was approved by the Related Party Transactions Committee on _____ and shall take effect immediately.

Attest:

Chairperson of the Related Party Transactions Committee

Corporate Secretary

Chief Compliance Officer