

**ANNUAL CORPORATE GOVERNANCE REPORT OF**  
**PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION**

1. For the fiscal year ended **2021**
2. Certificate Authority Number **2022/09-R**
3. **Makati, Metro Manila, Philippines**  
Province, Country or other jurisdiction of incorporation or organization
4. **4<sup>th</sup> Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City 1200**  
Address of principal office Postal Code
5. **(632) 7798-5433**  
Company's telephone number, including area code
6. **<https://www.phillife.com.ph>**  
Company's official website
7. **NA**  
Former name, former address, and former fiscal year, if changed since last report.

**ANNUAL CORPORATE GOVERNANCE REPORT**

	<b>COMPLIANT/ NON- COMPLIANT</b>	<b>ADDITIONAL INFORMATION</b>	<b>EXPLANATION</b>
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
<b>Recommendation 1.1</b>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>A brief profile of the members of the Board may be found on the website <a href="https://www.phillife.com.ph">https://www.phillife.com.ph</a></p>	<p>The Board members are all seasoned experts in their respective fields and bring a wealth of experience that guides the Company towards responsible progress.</p>
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant	<p>A brief profile of the members of the Board may be found on the website <a href="https://www.phillife.com.ph">https://www.phillife.com.ph</a></p>	<p>The Board members are a diverse mix of businesspersons and professionals of relevant expertise.</p>
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant	<p>Manual – available at <a href="https://www.phillife.com.ph">https://www.phillife.com.ph</a></p>	<p>The Board members are qualified in accordance with the standards provided in the Manual.</p>

**Recommendation 1.2**

1. Board is composed of a majority of non-executive directors.	Compliant	General Information Sheet	Almost all of the Directors act in a non-executive capacity and do not hold any position of responsibility in the Company outside of their membership on the Board. None of the Directors are members of the senior management team with the exception of the CEO.
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**Recommendation 1.3**

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Manual	The Manual requires all directors to attend a seminar on corporate governance before assuming their role.
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	Manual	The Manual requires all first-time directors to attend an orientation seminar on specific topics, with the guidance of the Compliance Officer and the HR Team.
3. Company has relevant annual continuing training for all directors.	Compliant	SGV Presentation Material	The Company engages a third-party firm to conduct a corporate governance and regulatory compliance seminar at least once a year for directors and officers.

**Recommendation 1.4**

1. Board has a policy on board diversity.	Compliant	Manual	The Manual contains policy directives on diversity and aspirational goals for the Board to meet and maintain.
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Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	Compliant	General Information Sheet; Manual	The Manual details the function of the Corporate Secretary and scope of their duties.
2. The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	GIS	The GIS clearly reflects that the Corporate Secretary is not the Compliance Officer.
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	GIS	The GIS clearly reflects that the Corporate Secretary is not a Board member.
4. Corporate Secretary attends training/s on corporate governance.	Compliant	SGV Presentation Material	The Corporate Secretary attends the annual corporate governance training held by the third party firm that is also attended by directors and officers.

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	GIS, Manual	The GIS identifies the Compliance Officer. Their scope and functions are defined in the Manual.
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	GIS	The Compliance Officer holds the rank of First Vice President and is the Head of the Business Administration Division.
3. Compliance Officer is not a member of the board.	Compliant	GIS	The Compliance Officer is not a member of the Board, as reflected in the GIS.
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	SGV Presentation Material_	The Compliance Officer attends the annual CG trainings that are attended likewise by the directors and officers. In addition, the Compliance Officer shall seek supplementary seminars and learning opportunities throughout the year.



**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Minutes of Meeting 25 March 2021 Minutes 29 November 2021	The Board participates actively based on reports provided by Management and steers the Company accordingly in alignment with the Company's financials and other relevant data.
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Minutes of Meeting 25 March 2021 Minutes 29 November 2021	The strategy of the Company is defined by the Board in its assessment of the periodic reports provided by senior management.
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant	Minutes of Meeting 25 March 2021 Minutes 29 November 2021	The Board reviews business metrics at every meeting, which are held once every two months, and provide detailed guidance to senior management through in-depth strategic discussion and analysis.
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	CV of Atty. Monico V. Jacob	Atty. Monico Jacob is a seasoned businessperson and top executive who has served and continues to serve as director and member of senior management for other reputable companies.
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Manual; Retirement Program	The Company's succession policy is detailed in the Manual. The Company also maintains an effective and detailed retirement program for all officers and employees who reach a certain age and tenure.

2. Board adopts a policy on the retirement for directors and key officers.	Compliant	Manual; Retirement Program	The Manual provides for the normal retirement policy for a director. The retirement policy for officers is provided in the Company's retirement program.
<b>Recommendation 2.5</b>			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Manual	The remuneration policy embodied in the Manual specifies the principles for determining remuneration of board members and key officers.
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Manual	The remuneration policy aligns with the Company's long-term interests by ensuring longevity and sustainability of the compensation in alignment with the annual performance of the Company.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Manual	No director is permitted to discuss or set their own remuneration.
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Manual	Nomination and election are handled in accordance with the policies embodied in the Manual.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Manual	Found in the nomination and election policies in the Manual.

3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant	Manual	Found in the nomination and election policies of the Manual.
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant	Manual	Included in the policies regarding nomination of director candidates.
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	Manual	Forms part of the nomination and election policies of the Manual.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Manual	Included in the Monitoring and Assessment Section of the Manual.
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Manual; Related Party Transactions Policy	The Board is made aware of any potential Related Party Transactions (RPT) through its RPT Committee, which reviews all such transactions to ensure fairness and transparency.



<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p>Manual; Related Party Transactions Policy ExCom Minutes 25 March 2021</p>	<p>All potential RPTs are reviewed and approved by senior management with the guidance of the RPT Committee. The Board also takes note of all material and non-material RPTs.</p>
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p>Manual: RPT Policy</p>	<p>All entities in the group of companies are evaluated and covered by the RPT policies.</p>

<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Manual	The Board retains ultimate control over the selection of management officers and approves the appointments for certain positions that require Board approval.
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Manual	The Board periodically assesses the Company's performance, and by extension, that of its management.
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Compliant	Manual	Evaluation of management is part of the monitoring and assessment policy defined in the Manual.
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	Manual	The Manual provides the framework for performance evaluation, which the Board oversees and supplements with instruction and drafting of policy statements as needed.

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Manual	The Audit Committee of the Board is primarily responsible for defining and overseeing the internal control system of the Company.
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Manual	The Audit Committee works together with management to identify transactions with potential conflicts of interest and determine how best to proceed.
3. Board approves the Internal Audit Charter.	Compliant	Minutes of Meeting 28 February 2020 Audit and Risk Oversight Committee Charter uploaded on website	The Board ratified the Audit Committee Charter on 28 Feb 2020.

Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<ol style="list-style-type: none"> <li>1. 2020 AFS Note 27</li> <li>2. Capital Management Framework Policy (CMF)</li> <li>3. BOD minutes for FS approval (June 26, 2020)</li> <li>4. EXCOM approval of CMF (June 26, 2020)</li> <li>5. Audit and Risk Oversight Committee Charter uploaded on website</li> </ol>	The Company discloses its internal control procedures/risk management systems in the notes to the audited financial statements approved by the BOD. The Company also has a capital management framework approved by the BOD.

2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<ol style="list-style-type: none"> <li>1. 2020 AFS Note 27</li> <li>2. Capital Management Framework Policy (CMF)</li> <li>3. BOD minutes for FS approval (June 26, 2020)</li> <li>4. EXCOM approval of CMF (June 26, 2020)</li> <li>5. Audit and Risk Oversight Committee Charter uploaded on website</li> </ol>	The Company discloses its internal control procedures/risk management systems in the notes to the audited financial statements approved by the BOD.
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Board Charter	The Board Charter may be found on the website.
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Board Charter	The Board Charter guides the decisions of the Board and their overall performance.
3. Board Charter is publicly available and posted on the company's website.	Compliant	Board Charter	The Board Charter may be found on the website.

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board’s functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Manual	The various Board Committees and their functions may be found in the Manual.
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**Recommendation 3.2**

1. Board establishes an Audit Committee to enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Manual	The Audit Committee, which is now the Audit and Risk Oversight Committee, has been duly established and its functions are detailed in the Manual. The Audit Committee recommends the appointment and approval of the external auditor.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Manual	Composition of the Audit and RO Committee is found in the Manual.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Information of Committee Members	The Committee members possess adequate qualifications to carry out their duties properly.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Manual	The Audit and RO Committee Chairman is prohibited from chairing any other mandated CG committee.

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Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Manual	The Corporate Governance Committee has been established and functions in accordance with policies provided in the Manual. Functions formerly assigned to Nomination and Remuneration Committees have been absorbed by the CG Committee.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant	Manual	The Corporate Governance Committee is comprised of four (4) members, but only two of them are independent. However, this composition has not resulted in any material deficiency or inability of the Committee to perform its duties.
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Manual 2021 GIS	The Chairman is Atty. Armando Suratos, an independent director.
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk	Compliant	Manual	The Audit and Risk Oversight Committee has assumed the BRO Committee functions and is sufficiently empowered to carry out all duties entrusted normally to a BRO Committee.

Management system to ensure its functionality and effectiveness.			
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Manual	The Audit and RO Committee is comprised of four members, two of whom are independent.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Manual	The Audit and RO Committee Chairman does not chair the Board or any other Committee.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	2021 GIS	Sec. Jesli Lapus, Committee Chairman, is a CPA and an auditor with extensive experience in insurance, capital markets and banking. Another member, Atty. Armando Suratos, is a former deputy governor of the BSP.
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Manual	Functions of the RPT Committee are reflected in the appropriate provisions of the Manual.
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	Manual	The composition of the RPT committee is according to recommendations.
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations,	Compliant	Charter Links – <a href="http://www.phillife.com.ph/corporate_governance">www.phillife.com.ph/corporate_governance</a>	All established Committees identified in the Manual possess their own separate published and updated Charters.



reporting process, resources and other relevant information.			
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Charter Links	Each charter identifies the scope, functions and metrics for the committee concerned, which serves as the basis for their evaluation.
3. Committee Charters were fully disclosed on the company's website.	Compliant	Charter Links	Charters are found on the company websites.

**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

#### Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Minutes of meeting 07 April 2021 Minutes 14 December 2021 Minutes 20 January 2021	The directors actively participate in and attend all meetings on the Board under regular circumstances.
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Manual	The directors are provided with materials for the meetings well in advance and are able to comment on the same during the course of the meetings.
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	ExCom Minutes 29 November 2021	Directors actively engage management during presentations and ask relevant questions about data that is presented.

<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	Manual	The Company adopts a policy for all directors to serve in a maximum of five (5) ICREs simultaneously, including the Company.
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Manual	The Manual provides that incumbent directors should advise the Board before they accept an appointment for directorship in another company, ICRE or otherwise.
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. 1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	GIS	Independent directors constitute at least 20 percent of the total director number on the Board.
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Manual	The independent directors are expected to meet the criteria provided in the Manual. The incumbent directors are compliant with this requisite.

Recommendation 5.3			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	Compliant	Manual	Considering the initial count for term limits is for 2015/2016, no independent director has served as such for nine years or more.
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	Compliant	Manual	Independent directors are prohibited from serving as such after reaching the maximum tenure provided in the Manual.
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	Compliant	Manual	There is a mechanism for retaining an independent director beyond their maximum allowable tenure, but this has never been invoked.

<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	GIS	The GIS clearly shows that the CEO and the Chairman are two separate persons.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Manual	The Manual clearly defines the scope of duties and functions of the Chairman and the CEO.
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	Manual	Since the Chairman is not an independent director, one of the independent directors is automatically designated as lead independent director in accordance with the rules of the Manual.
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations for the same.	Compliant	Manual	No transactions have occurred that would trigger a need for abstention in deliberations in 2021. However, this is expressly provided for in the Manual and all directors are enjoined to follow the same.
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that	Non-Compliant	Manual	This is provided for in the Manual but the COVID-19 pandemic situation continues to make such meetings difficult to schedule and arrange. This will be rectified moving forward.

proper checks and balances are in place within the corporation.			
2. The meetings are chaired by the lead independent director.	Compliant	Manual	The Manual provides that such meetings are chaired by the lead independent director.



**Principle 6:** The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1. The Board conducts an annual assessment of its performance as a whole.	Compliant	Manual	The process of assessment as provided in the Manual has recently been carried out and will be continued moving forward.
2. The performance of the Chairman assessed annually by the Board.	Compliant	Manual	The process of assessment as provided in the Manual has recently been carried out and will be continued moving forward.
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant	Manual	The process of assessment as provided in the Manual has recently been carried out and will be continued moving forward.
4. The performance of each committee is assessed annually by the Board.	Compliant	Manual	The process of assessment as provided in the Manual has recently been carried out and will be continued moving forward.
5. Every three years, the assessments are supported by an external facilitator.	Compliant	Manual	The process of assessment as provided in the Manual has recently been carried out, and the Manual mandates the assessment support of an external facilitator every three (3) years thereafter.

<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Manual	The Manual provides a detailed system for the criteria and process of assessment of the Board, individual directors, and committees.
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Manual	Shareholder feedback is included in the process and system.
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Manual	The Code of Business Conduct and Ethics is available and provides support to the Board for relevant decisions and transactions.
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Manual	The Code is made available remotely, through direct e-mail and by publication on the website, for the benefit of all persons.
3. The Code is disclosed and made available to the public through the company website.	Compliant	Manual	The Code may be found on the Company website.

<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Manual	The Board is mandated to work with management in the enforcement and implementation of the Code.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Manual	The Code itself forms part of the integral rules and regulations of the Company and is considered part of the internal policy infrastructure.
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Disclosure Policy	The Company's disclosure policy ensures that shareholders and other stakeholder are duly apprised of the state of the Company on a regular basis.
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Disclosure Policy; Info webpages	Qualifications of the directors are readily accessed through the website.

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Disclosure Policy; info webpages	Qualifications of the key executives are readily accessed through the website.
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**Recommendation 8.4**

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclosure Policy; Manual_	Remuneration procedure and policy is clearly indicated in the Manual and accessible to the general public.
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2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclosure Policy; Manual	Remuneration procedure and policy is clearly indicated in the Manual and accessible to the general public.
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3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant	Manual; Disclosure Policy	This information is considered highly sensitive and confidential; as such, the general methodology for determining remuneration is disclosed, but the individual values and benefit structures are not typically released to the general public.
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**Recommendation 8.5**



1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Manual; Related Party Transaction Policy; Audited Financial Statements 2021	Policies for related party transactions are detailed in the Manual and RPT Policy, which are made available to the public via the Company website.
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	Compliant	Manual; Audited Financial Statements 2021	The Company identified material RPTs in the 2021 AFS, which was approved by the Board and the stockholders.
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Manual	The Manual contains the Company's corporate governance policies, programs and procedures.
2. Company's MCG is posted on its company website.	Compliant	<a href="https://www.phillife.com.ph">https://www.phillife.com.ph</a>	The Manual is duly published in the Company's website.

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.

**Recommendation 9.1**

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>Audit and Risk Oversight Committee Charter 2021 available on website</p>	<p>The Charter provides the manner and method for selection and removal of external auditors.</p>
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>14 May 2021 ASM Minutes</p>	<p>The reappointment of the external auditor was ratified by shareholders representing at least 98% of the total shares.</p>
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p>Audit and Risk Oversight Committee Charter 2021 available on website; Manual_</p>	<p>The Manual and the Audit Committee Charter both provide for disclosure of reasons for removal or change of an external auditor to be communicated publicly on the website and as otherwise required by law and regulation.</p>

<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	Audit and Risk Oversight Committee Charter 2021 available on website	The Charter contains the items mentioned pertaining to the Committee's responsibility.
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	Audit and Risk Oversight Committee Charter 2021 available on website	The Charter expressly provides that this is one of the functions of the Committee.
<b>Recommendation 9.3</b>			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	Compliant	Audit and Risk Oversight Committee Charter 2021 available on website ; Manual	Though there were no non-audit services provided by the external auditor for the 2021 cycle, disclosure of any such services to the shareholders is required by the Charter.

2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Audit and Risk Oversight Committee Charter 2021 available on website; Manual	The Audit and Risk Oversight Committee is tasked with evaluation of all non-audit services provided by the external auditor as part of its general oversight of the latter and continuing assessment of the latter's integrity and impartiality.
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**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Manual; Disclosure Policy	The disclosure policy is embodied in the Manual and in a separate Disclosure Policy.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		The Company aspires to upgrade its framework for the reporting of sustainability and non-financial issues, and aims to do so in the next iteration of the Manual.



**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant		<a href="https://www.phillife.com.ph">https://www.phillife.com.ph</a>
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### Internal Control System and Risk Management Framework

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

#### Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Audit and Risk Oversight Committee Charter	The internal control system of the Company is interspersed through the various processes of the Company's divisions. The framework may also be found in the Audit and Risk Oversight Committee Charter.
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Capital Management Framework	The Company adheres to its CMF and Risk issues are discussed regularly by the Audit and Risk Oversight Committee, reviewing risk factors of the Company every two (2) months. Internal and external auditors have not identified any issues of concern for the evaluated year.

#### Recommendation 12.2

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	CV of Chief Audit Executive; Manual	The Internal Audit function has recently been transferred to an in-house team.
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<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Manual	The Internal Audit team is headed by a Chief Audit Executive, Ms. Gertrude Umali.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	Manual	The Manual provides the scope and functions of the CAE, which encompass all internal audit functions.
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Manual	Internal Audit functions are carried out wholly in-house, but in the event that a fully outsourced internal audit activity is necessary, the CAE will oversee the same.
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Audit and Risk Oversight Committee Charter 2021 available on website	The function of risk management is currently the responsibility of senior management working in alignment with the Audit and Risk Oversight Committee.
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		The function of risk management is currently the responsibility of senior management working in alignment with the Audit and Risk Oversight Committee. However, the Company shall appoint a Chief Risk Officer to comply herewith.

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		The CRO position is adequately placed and supported; however, an actual CRO has yet to be appointed.
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### Cultivating a Synergic Relationship with Shareholders

**Principle 13:** The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

#### Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Manual	Shareholder rights are clearly defined and discussed in the Manual.
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Manual	The Manual is published on the website.

#### Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant		The Corporate Secretary is compliant with the notice requirement and vigilantly sends the notices of annual and special shareholders' meetings at least 21 days prior to the same.
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#### Recommendation 13.3

1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant		The Company is not listed and the majority of shareholders are represented at all meetings, so publication of the results would be superfluous. However, the Company will publish voting results for future annual meetings the following day on the website moving forward.
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2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	Compliant	Manual	The Manual requires publication of the minutes in the website, and these are duly published and available.
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Manual; Alternative Dispute Resolution Policy	Alternative Dispute Resolution process and details may be found in the ADR Policy, and are referenced in the Manual.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Manual	The ADR mechanism is detailed in the ADR Policy, and referenced in the Manual.
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Manual	The Company is aware of its stakeholder demographic and recognizes the potential interaction opportunities with these groups. The Manual as such contains a section on stakeholders of the Company. This will be expanded to a full policy.
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Manual Stakeholder Policy	The Company maintains standing policies and a framework to ensure that stakeholders are protected and given fair and reasonable treatment.



**Recommendation 14.3**

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Contact details of Customer Service  Whistleblower Policy  Manual	The Company has several mechanisms in place to provide efficient relief to stakeholders, especially to the Company's policyholders and other directly benefited parties.
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**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Non-Compliant		For updating in the next version of the Manual. There are a number of processes through which employees participate directly but these are not formally encoded and require further detailing so that they will be effectively carried out.
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**Recommendation 15.2**

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Anti-Corruption Policy  Manual	The ACP of the Company is reflected in the Manual and in a separate published webpage.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		The ACP and the Manual are readily accessible to any employee; all employees are advised accordingly and issued a soft copy of the Manual when it is updated.

**Recommendation 15.3**

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	Whistleblower Policy  Manual	The Whistleblower policy includes a detailed process for the communication by employees of illegal or unethical practices that they may observe taking place within the Company, including protection from retaliatory action.
2. Board establishes a suitable framework for whistle-blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle-blowing concerns.	Compliant	Manual  Whistleblower Policy	Employee whistleblowers are granted access to the Audit and Risk Oversight Committee, and a special team under the Chief Risk Officer that investigates and reports on said concerns.
3. Board supervises and ensures the enforcement of the whistle-blowing framework.	Compliant	Manual  Whistleblower Policy	The Board plays a critical role, together with other key actors, in the enforcement of the whistleblower policy.

**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Non-Compliant	Policy – Environment and Interaction with the Community	The Company has a policy on “Environment and Interaction with the Community” that details the principles and goals of the Company in this aspect. It is in need of further development and implementation. The Company will formulate a comprehensive and effective corporate social responsibility program to contribute to the society in which it operates.
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**CERTIFICATION**

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

Signed in the City of \_\_\_\_\_ on the \_\_\_\_\_ of \_\_\_\_\_, 2022.

**PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION**

By:

**MONICO V. JACOB**  
*Chairman of the Board*

**JOSEPH AUGUSTIN L. TANCO**  
*President and Chief Executive Officer*

**JESLI A. LAPUS**  
*Independent Director*

**JOSE ALFONSO A. POBLETE**  
*Independent Director*

**ARMANDO I. SURATOS**  
*Independent Director*

**ARSENIO C. CABRERA, JR.**  
*Corporate Secretary*

**ANDREW PATRICK A. FORNIER**  
*Compliance Officer*

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

<u>Names</u>	<u>Passport/SSS/Other ID Numbers</u>	<u>Date and Place of Issuance</u>
Monico V. Jacob		
Joseph Augustin L. Tanco		
Jesli A. Lapus		
Armando I. Suratos		
Jose Alfonso A. Poblete		
Arsenio C. Cabrera, Jr.		
Andrew Patrick A. Fornier		

Doc. No. \_\_\_\_;

Page No. \_\_\_\_;

Book No. \_\_\_\_;

Series of 2022.