

ANNUAL CORPORATE GOVERNANCE REPORT OF
RAROCO INSURANCE BROKERS, INC.
(Name of Company)

1. For the fiscal year ended 2020
2. Certificate Authority Number IB-36-2019-R
3. PHILIPPINES
Province, Country or other jurisdiction of incorporation or organization
4. ROOM 608 FERROS BEL AIR TOWER 30 POLARIS ST., MAKATI CITY
Address of principal office Postal Code 1209
5. 02-8896-0497
Company's telephone number, including area code
6. www.rarocoinsurance.ph
Company's official website
7.
Former name, former address, and former fiscal year, if changed since last report.

**RAROCO INSURANCE BROKERS INC.
ANNUAL CORPORATE GOVERNANCE REPORT 2021**

RAROCO INSURANCE BROKERS INC. is a family owned corporation founded by Ramon A. Roco and is now being run by second generation family member Marie Denise Roco-De Leon. The Board is composed mostly of family members, nuclear and extended family of its founder which means most of the directors are holding executive positions at the same time. The operation, while catering to a diverse insurance products is not complex hence, governance and compliance are maintained by the same set of executives and the Board as a body.

The Board's Governance Responsibilities

	COMPLIANT/NON-COMPLIANT	EXPLANATION
Principle 1: The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.		
Recommendation 1.1		
1. Board is composed of directors with collectiveworking knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	The academic qualifications, industry knowledge, professional experience of the board of directors can be found in the company website. https://rarocoinsurance.ph/about-us/ https://rarocoinsurance.ph/info-on-board-members/
3. Directors remain qualified for their positions individually and collectively	COMPLIANT	
Recommendation 1.2		
1. Board is composed of a majority of non-executive directors.	NON-COMPLIANT	The board is composed of family members, nuclear and extended family of its founder, Ramon A. Roco which makes them working board directors. https://rarocoinsurance.ph/about-us/
Recommendation 1.3		

<p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>The training for directors is defined in the Manual of Corporate Governance under Article 7: https://rarocoinsurance.ph/corporate-governance/</p>	
<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>The Company provides in its Manual on Corporate Governance (MCG) an orientation program for first time directors: https://rarocoinsurance.ph/corporate-governance/</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>NON-COMPLIANT</p>	<p>The Company is preparing to register its board directors in SEC/IC accredited institution, Center for Global Best Practices, in this training "Corporate Governance board Effectiveness Best Practices" under the Center for Global Best Practices, slated for Oct. 27, 2021</p>	
<p>Recommendation 1.4</p>			
<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<p>The company shall attempt, as much as possible, to have board diversity in terms of gender, age, experience, knowledge and skill sets to ensure that optimal decision making is achieved. This policy is found in Article 4A of the MCG.</p> <p>The current composition of the Board is three (3) male and three (5) female including the two (2) independent directors. https://rarocoinsurance.ph/about-us/ https://rarocoinsurance.ph/corporate-governance/</p>	
<p>Recommendation 1.5</p>			
<p>1. Board is assisted in its duties by a Corporate Secretary.</p>	<p>COMPLIANT</p>	<p>The qualifications and duties of the Corporate Secretary is defined in the Manual of Corporate Governance.</p>	
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretary is Erna R. Santiago and is not a member of the Board. https://rarocoinsurance.ph/corporate-governance/</p>	
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>COMPLIANT</p>		
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>NON-COMPLIANT</p>	<p>The Corporate Secretary has a scheduled training entitled "Corporate Governance board Effectiveness Best Practices" under the Center for Global Best Practices, slated for Oct. 27, 2021" under the Center for Global Best Practices, slated for Oct. 27, 2021 And also another one in January 2022: https://cgbp.org/2022/FivercourseoutlineforCH15.html, She has recently finished the said organization's</p>	

			"2019 Revised Corporate Code of the Philippines" seminar held last July 6, 2021.	
Recommendation 1.6				
1. Board is assisted by a Compliance Officer.	COMPLIANT			
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		The qualifications and duties of the Corporate Secretary is defined in the Manual of Corporate Governance.	
3. Compliance Officer is not a member of the Board.	NON-COMPLIANT		Marie Denise Roco-De Leon, President and Compliance Officer https://rarocoinsurance.ph/corporate-governance/	Due to the limited scale of operations, the President was designated as the Compliance Officer.
4. Compliance Officer attends trainings on corporate governance annually.	NON-COMPLIANT		The Compliance Officer has a scheduled training entitled "Corporate Governance board Effectiveness Best Practices" under the Center for Global Best Practices, slated for Oct. 27, 2021, and has recently finished the said organization's "2019 Revised Corporate Code of the Philippines" seminar held last July 6, 2021.	
Principle 2. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.				
Recommendation 2.1				
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT		The duties and responsibilities of the Directors are defined in the By-Laws and the Manual of Corporate Governance. See board minutes and board resolutions: https://rarocoinsurance.ph/corporate-governance/	
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT		The directors performed their duties as reflected in our board resolutions and board minutes. https://rarocoinsurance.ph/corporate-governance/	
1. Board oversees and monitors the implementation of the company's business objectives and strategy	COMPLIANT		The last strategic planning was conducted last 2018 by our then VP for Admin and Finance /VP for Sales & Marketing, Denise Roco – De Leon. The next one is scheduled for 2022. See strategic planning link in: https://rarocoinsurance.ph/corporate-governance/	

in order to sustain the company's long-term viability and strength.

Recommendation 2.3

1. Board is headed by a competent and qualified Chairperson.

COMPLIANT

The information on the Chairperson, including his name and qualifications is disclosed in the company website.
<https://rarocoinsurance.ph/about-us/>

Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.
2. Board adopts a policy on the retirement for directors and key officers.

COMPLIANT

The succession plan is inherent to the owner of majority shares and as decided by the Board. The BOD has within it a simple succession plan by order of events.

<https://rarocoinsurance.ph/corporate-governance/>

COMPLIANT

The BOD handbook has provisions for retirement.

For the employees, we follow the provisions of RA No. 4917 and 7641.

Recommendation 2.5

1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.

COMPLIANT

The information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance are in our Articles of Incorporation & By Laws on Art. III, Sec. 8 as well as on SEC. 9, ART 4 regarding how directors do not participate in discussions or deliberations involving his/her own remuneration.

COMPLIANT

<https://rarocoinsurance.ph/corporate-governance/>

Recommendation 2.6

1. Board has a formal and transparent board nomination and election policy.
2. Board nomination and

COMPLIANT

Article II, Section 7 of our Articles of Incorporation. RAROCO Insurance is a family-run business. The members are the family members.

COMPLIANT

<p>election policy is disclosed in the company's Manual on Corporate Governance.</p>		<p>Board Nomination and election is disclosed in the company's Articles of Incorporation, we have in Sec. 2 Election and Terms.</p>	
<p>3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.</p>	<p>COMPLIANT</p>	<p>The Election is likewise discussed in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/</p>	
<p>4. Board nomination and election policy includes how the board reviews nominated candidates.</p>	<p>COMPLIANT</p>		
<p>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.</p>	<p>COMPLIANT</p>		
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>		
<p>Recommendation 2.7</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>The company's policy for the related party transactions are provided for in the BOD handbook and in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/</p>	
<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>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and</p>	<p>COMPLIANT</p>		

complexity of operations.			
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The Board has the power to approve the appointment of the Chief Executive Officer and other key officers of the company as provided for in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The Board is primary responsible for the assessment of the performance of the CEO and other key officers of the company as provided for in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer, performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	The company has a BOD handbook where the management framework is defined. https://rarocoinsurance.ph/company-governance/	
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		
Recommendation 2.10			

1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The provision for internal control system, monitoring and other related functions are thoroughly discussed in the Manual of Corporate Governance, where you will also find Audit Committee Charter.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	https://rarocoinsurance.ph/company-governance/	
3. Board approves the Internal Audit Charter.	COMPLIANT	The Board has approved the Internal Audit Charter. https://rarocoinsurance.ph/company-governance/	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	The risk management framework of the company is provided for in the Manual on Corporate Governance. https://rarocoinsurance.ph/company-governance/	
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		
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	COMPLIANT	The Board Charter can be viewed in the company's Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		

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	There are various committees established and were thoroughly discussed in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/	The Board as a body is tasked to handle some committee functions due to the limited scale of operation of the company.
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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	The Audit Committee composition and functions are provided for in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/	
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2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	The Audit Committee is composed of: Independent Director, Kristel Dacurnos-Lagorza (Chairman), Christine Roco (Non-Executive Director), Lorenzo Roco (Non-Executive Director).	
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3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	NON-COMPLIANT	The background, knowledge, skills and experience of the members of the Audit Committee, including the Chairman of the of the Audit Committee can be found in: https://rarocoinsurance.ph/info-on-board-members/	
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4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		
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Recommendation 3.3

<p>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.</p>	<p>COMPLIANT</p>	<p>The function of the Corporate Governance Committee is covered by the Board as a body due to the limitation of the company's operation. See MCG. https://rarocoinsurance.ph/company-governance/</p>	
<p>2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.</p>	<p>NON-COMPLIANT</p>	<p>Due to the size of the company, the pandemic and scale of our operations, the Corporate Governance Committee is composed of the Board Members. https://rarocoinsurance.ph/about-us/ https://rarocoinsurance.ph/info-on-board-members/</p>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>NON-COMPLIANT</p>	<p>The Chairman of the Corporate Governance Committee is the Chairman of the Board, Mr. Ramon A. Roco. https://rarocoinsurance.ph/about-us/</p>	
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>COMPLIANT</p>	<p>The Audit Committee shall at the same time function as the Board Risk Oversight Committee due to the company's operational limitation is found in the MCG.</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>https://rarocoinsurance.ph/company-governance/ Due to our company size, scale of operations and the global pandemic, the BROC is composed of: Independent Director, Kristel Dacumos-Lagorza (Chairman), Christine Roco (Non-Executive Director), Lorenzo Roco (Non-Executive Director).</p>	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>	<p>The background, knowledge, skills and experience of the members of the BROC, including the Chairman of the of the BROC can be found in: https://rarocoinsurance.ph/info-on-board-members/</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and</p>	<p>NON-COMPLIANT</p>		

experience on risk and risk management.

Recommendation 3.5

1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.

COMPLIANT

The Audit Committee shall at the same time function as the Related Party Transactions Committee due to the company's operational limitation, the company size and the global pandemic. Info on the RPT Committee is found in the MCG: <https://rarocoinsurance.ph/company-governance/>

2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.

COMPLIANT

The RPT Committee is composed of: Independent Director, Kristel Dacumos-Lagorza (Chairman), Christine Roco (Non-Executive Director), Lorenzo Roco (Non-Executive Director). The background, knowledge, skills and experience of the members of the RPT Comm, including the Chairman of the of the RPT Comm can be found in: <https://rarocoinsurance.ph/info-on-board-members/>

Recommendation 3.6

1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information

COMPLIANT

The committee functions and responsibilities are defined in the Manual of Corporate Governance. <https://rarocoinsurance.ph/company-governance/>

2. Committee Charters provide standards for evaluating the performance of the Committees

NON-COMPLIANT

The standards for evaluating the performance of the Committees are currently still being developed at the moment and will be ready in the succeeding year.

3. Committee Charters were fully disclosed on the company's website

COMPLIANT

The Committee Charters are fully disclosed on the company's website in the MCG: <https://rarocoinsurance.ph/company-governance/>

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 attends and actively participates in all meetings of the

COMPLIANT

The specific duties and responsibilities are defined in the By-Laws and the Manual of Corporate Governance.

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<p>Board, Committees and shareholders in person or through tele-Videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>		<p>https://rarocoinsurance.ph/company-governance/</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The meeting materials are being sent in advance to all directors for review and ratification as the case may be. These can be found in the board minutes found in the above link.</p>	
<p>3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>		
<p>Recommendation 4.2</p>			
<p>1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Non executive directors are required to disclose if they have other directorship being held with other companies. https://rarocoinsurance.ph/company-governance/</p>	
<p>Recommendation 4.3</p>			
<p>1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>Non-executive directors are required to disclose if they have other directorship being held with other companies. This is in our MCG, and also discussed in our board meeting. https://rarocoinsurance.ph/company-governance/</p>	
<p>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.</p>			
<p>Recommendation 5.1</p>			
<p>1. The Board is composed of at least twentypercent (20%) Independent directors.</p>	<p>COMPLIANT</p>	<p>The company has two (2) independent directors which comprises 25% of the Board composition. The composition of the Board can be found in the company website.</p>	

Recommendation 5.2	COMPLIANT	1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position. The qualifications of the independent directors can be found in the MCG. https://rarocoinsurance.ph/company-governance/	
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Recommendation 5.3

1. The independent director serves for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	COMPLIANT	The term of the independent director is defined in the Manual of Corporate Governance. https://rarocoinsurance.ph/company-governance/	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT		
3. In the instance that the	COMPLIANT	The board resolution of the appointment of	

<p>company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>		<p>Independent directors can be found in the company website. https://rarocoinsurance.ph/corporate-governance/</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>The following are the Chairman and CEO: Chairman: Ramon A. Roco CEO: Marie Denise Roco-De Leon</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>The position of Chairperson of the Board and President shall be separate to foster a balance of power, increased accountability and better capacity for independent decision-making. A clear delineation of functions shall be made between the Chairperson and the President. In the Articles of Incorporation, Art. IV, Sec. 2 President and under MCG, II., no. 2. The Chairperson have roles and responsibilities defined. See link: https://rarocoinsurance.ph/corporate-governance/ The executives are father and daughter, the company being a family corporation. https://rarocoinsurance.ph/about-us/</p>	
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent</p>	<p>COMPLIANT</p>	<p>The Chairman is not an independent director. He is our Founder and former President. https://rarocoinsurance.ph/about-us/</p>	

directors		
Recommendation 5.6		
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	There are no directors with material interest in a transaction affecting the corporation have taken part in the deliberations for the same.
Recommendation 5.7		
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions , without any executive directors present to ensure that proper checks and balances are in place with the corporation.	NON-COMPLIANT	The Board actively promotes check and balance and holds meetings with all concerned and has approved a policy for the conduct of regular meetings. The meetings will be held at least twice a year with the Chairman or any member of the committee in attendance. Due to the scale of operations, this is not yet being conducted. In the future, this will be implemented accordingly to the company's growth and capacity.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT	As of the moment, meetings are being chaired by the Chairman of the committee. Due to the scale of operations, this is not yet being conducted. In the future, this will be implemented accordingly to the company's growth and capacity.
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	The Board has conducted an annual assessment. Since the committees are newly formed, there are no assessments yet for the committees. See attached papers of self-rating evaluation.
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	
3. The performance of the individual members of the Board is assessed annually by the Board.	COMPLIANT	
4. The performance of each committee is assessed annually by the Board.	NON-COMPLIANT	
5. Every three years, the	NON-COMPLIANT	The assessments will be supported by an external

assessments are supported by an external facilitator		facilitator three years from now.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	The information on the system of the company to evaluate the performance of the board, individual directors and committees can be found in the Evaluation Forms link: https://rarocoinsurance.ph/corporate-governance/	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The feedback mechanism from shareholders is seen in the policy on commitment to good governance in the MCG: https://rarocoinsurance.ph/corporate-governance/	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	The information or link/reference to the company's Code of Business Conduct and Ethics is in the Employee Handbook as well as the Board of Directors Handbook. https://rarocoinsurance.ph/corporate-governance/	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The BOD handbook was disseminated to the Board and the Employee handbook was disseminated to the employees upon orientation and can be found in the company website.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	The Code of Business Conduct and Ethics is posted/disclosed on our company website in the RAROCO BOD handbook link: https://rarocoinsurance.ph/corporate-governance/	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies are included in all handbooks. See attached signed copies of recipients. All board members, and employees are required to comply with the Code of Business Conduct and Ethics.	

<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>COMPLIANT</p>	<p>To ensure compliance to all company's policies, corresponding sanctions and penalties were provided for in the BOD handbook and Manual of Corporate Governance. https://rarocoinsurance.ph/corporate-governance/</p>	
<p>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p>Recommendation 8.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>All disclosures are normally done during meetings, the company is a family corporation and the shareholders and directors are mostly composed of family members. The financial report is being furnished to all shareholders before the annual meeting. The policy is found in Article 6 of the MCG. https://rarocoinsurance.ph/corporate-governance/</p>	
<p>Recommendation 8.2</p>			
<p>1.</p>			
<p>2.</p>			
<p>Recommendation 8.3</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>The company discloses on the qualifications and other information can be found in the company website. https://rarocoinsurance.ph/about-us/</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience</p>	<p>COMPLIANT</p>		

and qualifications, and assess any potential conflicts of interest that might affect their judgment.

Recommendation 8.4

<p>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.</p>	<p>COMPLIANT</p>	<p>The policy on remuneration are provided for in the By-Laws. https://rarocoinsurance.ph/corporate-governance/</p>
<p>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.</p>	<p>COMPLIANT</p>	<p>See attached breakdown of remuneration of the board and CEO/ President.</p>
<p>3. Company discloses the Remuneration on an individual basis, including termination and retirement provisions</p>	<p>COMPLIANT</p>	

Recommendation 8.5

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or</p>	<p>COMPLIANT</p>	<p>The policy of related party transactions are provided for in the Manual of Corporate Governance. https://rarocoinsurance.ph/corporate-governance/</p>
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infrequently occurring transactions.			
<p>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.</p>	COMPLIANT	Disclosures are being discussed during meetings, the company is a family corporation and the shareholders and directors are mostly composed of family members	
Recommendation 8.7			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	COMPLIANT	The Manual on Corporate Governance is posted in the company website. https://arocoinsurance.ph/corporate-governance/	
<p>2. Company's MCG is posted on its company website.</p>	COMPLIANT		
<p>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.</p>			
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>	COMPLIANT	The Board approves the appointment and reappointment of the external auditor as recommended by the Audit Committee. Our designated external auditor is Perez Sese Villa & Company.	
<p>2. The appointment, reappointment, removal, and fees of the external</p>	COMPLIANT	The reappointment of the external auditor was unanimously approved (71%) by the Board and ratified by the shareholders. See attached board	

<p>auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>		<p>resolution.</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>The process of removal or change of the external auditor is provided for in the Manual of Corporate Governance. https://rarocoinsurance.ph/corporate-governance/.</p>	
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>COMPLIANT</p>	<p>The Audit Committee Charter can be found in the company website in MCG: https://rarocoinsurance.ph/corporate-governance/.</p>	
<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>	<p>COMPLIANT</p>		

Recommendation 9.3

1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	The engagement with external auditor is for annual audit only. There is no engagement for other services.	
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		

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	The company has limited operation and has policies and established standards based on best practices in the industry. This ACGR in itself forms part of the framework.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	The company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues through the fulfillment of the Revised Code of Corporate Governance for Insurance Commission Regulated Companies.	

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	The company post news and other updates in the company website. https://rarocoinsurance.ph/news/	
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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	The company has an adequate internal control system, defined in all the SOPs and practices being followed in the day-to-day operation.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	Framework is defined in the handbooks as guide in the conduct of business. https://rarocoinsurance.ph/corporate-governance/ .	

Recommendation 12.2

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	The company has outsourced the internal auditor due to the limited scale of operation. The external auditor is Perez Sese Villa & Company.	
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Recommendation 12.3

1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Due to the company's size, risk profile and scale of operations, and the global pandemic, the Board as a body has the ultimate responsibility for internal control including the monitoring of audit activities of the outsourced internal auditor as defined in the Manual of Corporate Governance. https://rarocoinsurance.ph/corporate-governance/ .	
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		
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for	COMPLIANT	The outsourced internal auditor reports directly to the audit committee. https://rarocoinsurance.ph/corporate-governance/ .	

managing the fully outsourced internal audit activity.			
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Due to the scale of our operations, the risk management function is being handled by the Audit committee. See Manual on Corporate Governance. https://rarocoinsurance.ph/corporate-governance/ .	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO) who is the ultimate champion of Enterprise Risk Management (ERM)	COMPLIANT	The Board as a body has the ultimate responsibility for risk management due to the limitation and scale of operation. See Manual on Corporate Governance. https://rarocoinsurance.ph/corporate-governance/ .	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	Info on the qualifications/ background of the board is found in: https://rarocoinsurance.ph/about-us/	
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	Shareholder rights are provided for in the Manual of Corporate Governance under letter K. Promotion of Shareholder's Rights, which can be found in the company website: https://rarocoinsurance.ph/corporate-governance/ .	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT		
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 agenda for the stockholders meeting is being sent a week before the meeting. The shareholders being composed of family members. Find agenda: https://rarocoinsurance.ph/corporate-governance/	
Recommendation 13.3			
1. Board encourages active shareholder participation	COMPLIANT	Disclosures are being discussed during meetings.	

<p>by making the result of the vote taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p> <p>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.</p>		<p>the company is a family corporation and the shareholders and directors are mostly composed of family members. Board minutes are in:</p> <p>https://rarocoinsurance.ph/corporate-governance/.</p>	
<p>Recommendations 13.4</p>			
<p>1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner</p>	<p>COMPLIANT</p>	<p>Details on the alternative dispute resolution procedure is in our Manual of Corporate Governance under letter K, number 2. Disputes and Resolution:</p> <p>https://rarocoinsurance.ph/corporate-governance/.</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>		
<p>Duties to Stakeholders</p> <p>Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p>			
<p>Recommendation 14.1</p>			
<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>COMPLIANT</p>	<p>The company's stakeholders are defined in the MCG. All policies and initiatives are being discussed and shared to everyone as it happens.</p> <p>https://rarocoinsurance.ph/corporate-governance/.</p> <p>https://rarocoinsurance.ph/about-us/</p>	<p>CSR activities, the RAROCO 35th Anniversary Celebration, teambuildings. General monthly meetings can be found in:</p> <p>https://rarocoinsurance.ph/news/</p>
<p>Recommendation 14.2</p>			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>COMPLIANT</p>	<p>The policies and programs for the protection and fair treatment of the company's stakeholders are found in the MCG.</p> <p>https://rarocoinsurance.ph/about-us/</p> <p>https://rarocoinsurance.ph/corporate-governance/.</p>	
<p>Recommendation 14.3</p>			

<p>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.</p>	<p>COMPLIANT</p>	<p>The stakeholders can use to voice their concerns and/or complaints for possible violation of their rights:</p> <p>CORP SECRETARY / ADMIN & HR MANAGER ema@rarocoinsurance.ph 8896-0497 loc. 203 +63917 801 9259 / +63998 840 9721 Rm. 608 Ferros Bel-Air Tower, #30 Polaris St., Makati City https://rarocoinsurance.ph/corporate-governance/.</p> <p>The Whistleblowing policy can be found in the BOD and the employee handbook within the below link https://rarocoinsurance.ph/corporate-governance/.</p>	
<p>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.</p>			
<p>Recommendation 15.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Company policies, programs and procedures that encourage employee participation are through our company teambuildings, general monthly meetings, CSR activities, and strategic planning workshop 2018.</p> <p>https://rarocoinsurance.ph/news/ https://rarocoinsurance.ph/corporate-governance/</p>	
<p>Recommendation 15.2</p>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>COMPLIANT</p>	<p>The anti-corruption policy of the company is in place and can be found in the BOD handbook and employees handbook.</p> <p>https://rarocoinsurance.ph/corporate-governance/.</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>The employees were each given a copy of the handbook, which was received and signed by each employee. Team building activities are being held annually (except 2020 due to onset of global pandemic). Part of the activity is revisiting policies and compliance. See copy of employee handbook: https://rarocoinsurance.ph/corporate-governance/.</p>	

Recommendation 15.3

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation.</p>	<p>COMPLIANT</p>	<p>The Board has approved the Whistleblowing policy which can be found in the below link in the BOD handbook and the employee handbook: https://rarocoinsurance.ph/corporate-governance/</p> <p>Direct access to an Independent member of the board is below, which is also found in our website in the same link shared above.</p> <p>Kristel Dacumos-Lagorza Independent Director kdacumos@gmail.com 0917-5559197</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>COMPLIANT</p>	<p>The whistleblowing policy was discussed to the board and the staff and was disseminated in the BOD and employee handbook. There have been no whistleblowing incidents.</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>COMPLIANT</p>	<p>The whistleblowing policy was discussed to the board and the staff and was disseminated in the BOD and employee handbook. There have been no whistleblowing incidents.</p>	
<p>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.</p>			
<p>Recommendation 16.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>The company is committed to be involved and be part of the community initiatives. The previous activities and related programs of the company can be viewed in the below link. RAROCO began its CSR initiatives in 2018 until presently. We skipped 2020 due to the onset of the global pandemic. https://rarocoinsurance.ph/news/</p>	

SIGNATURES

Pursuant to the requirement of the Insurance Commission, this Annual Corporate Governance Report is signed under oath on behalf of RAROCO Insurance Brokers, Inc. by the undersigned, in the City of Makati on July 19, 2021.

By:

RAMON A. ROCO
Chairman

VIEL OLEGARIO
Independent Director

KRISTEL DACUMOS-LAGORZA
Independent Director

MARIE DENISE ROCO-DE LEON
President & Compliance Officer

RAMON M. HIDALGO
Vice President

ERNA R. SANTIAGO
Corporate Secretary

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY 155

BEFORE ME personally appeared

JUL 26 2021

NAME: IDENTIFICATION NUMBER DATE/PLACE ISSUED

shown to me and to me known to be the same person who executed
The foregoing instrument and acknowledged to me that the same is his
free and voluntary act and deed

ATTY. GEORGE DAVID D. SITON

NOTARY PUBLIC FOR MAKATI CITY

APPT. NO. M-332- UNTIL DEC. 31, 2021

ROLL NO. 68492 / MCLE COMPLIANCE NO. W-0021936/3-7 - 4019

IBP O.R. NO. 127359-LIFETIME MEMBER MAY. 8, 2017

PTR No. 8533058- JAN 04, 2021- MAKATI CITY

EXECUTIVE BLDG. CENTER MAKAWAY AVE., COR., JUPITER ST. MAKATI CITY

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