



**RAROCO
INSURANCE
BROKERS, INC.**

MANUAL OF CORPORATE GOVERNANCE

RAROCO commits itself to a continuously raise its corporate governance standards to a level that is at par with its global counterparts. In our pursuit of excellence in the industry, we adopt a corporate governance system that ensures the protection of its shareholders and stakeholders under a regime of ethical, transparent and sustainability. We commit ourselves to the principles of this Manual, as well as existing rules, regulations, principles and best practices. We shall uphold the highest standards of excellence, service, accountability and transparency for the benefit of all our stakeholders and society.

ARTICLE 1: OBJECTIVE

This manual lays down the principles of good governance to guide us in our pursuit of industry leadership. We seek to enhance our existing processes by strengthening our corporate affairs and internal controls while maintaining best business practices. We hereby adopt the applicable measures and practices for this purpose taking into account the interests of our stakeholders.

ARTICLE 2: DEFINITION OF TERMS

- a. **Corporate Governance** – The framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. The purpose is to maximize the corporation's long-term success, thereby creating sustainable value for its shareholders, other stakeholders and the nation.
- b. **Board of Directors** – The governing body elected by the stockholders that exercises the corporate powers of the company, conducts its business and controls its properties.
- c. **Management** – The group of individuals given the authority by the Board to implement its policies regarding the administration and operation of the company.
- d. **Independent Directors** – A person who is independent of management and free from any business or any other relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out the responsibilities of a director of the company.
- e. **Executive Director** – A director who is also the head of a committee or administrative department, has executive responsibility of day-to-day operations of the company or performs any work related thereto. Enterprise Risk Management- a process, effected by an entity's Board

of Directors, Management and other personnel, applied in strategy setting and across the company that is designed to identify and manage potential events and risks that may affect the company.

- f. **Non-Executive Director** – a director who is not the head of a committee or administrative department of the company, has no executive responsibility nor performs any work related thereto.
- g. **Non-audit work** – Any service offered by an external auditor to the company not directly related or relevant to audit functions such as accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology, outsourcing services or any other service that may compromise the independence and objectivity of the external auditor;
- h. **Internal control** – The system established by the Board of Directors and Management for the accomplishment of the company's objectives, the efficient operation of its business, the reliability of its financial reporting and its faithful compliance with laws, rules and regulations of the national and local government as well as its own internal rules and regulations.
- i. **Internal control system** – The framework under which internal controls are developed and implemented (whether alone or in connection with other rules and regulations) for the purpose of managing and controlling a particular risk or activity or a combination of risks or activities to which the company may be exposed.
- j. **Related Parties** - covers the covered entity's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control or significant influence over the covered entity. It also covers the covered entity's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
- k. **Related Party Transactions** - a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- l. **Stakeholders** - any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, non-proprietary members, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the company operates.

ARTICLE 3: RULES OF INTERPRETATION

- a. All references to the masculine gender shall cover the feminine and other genders.
- b. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders.

ARTICLE 4: BOARD OF DIRECTORS

The composition of the Board shall be in accordance with the Articles of Incorporation and By-Laws of the company approved by the Commission.

A. Composition of the Board

The Board shall be composed of eight (8) members elected from among the stockholders and shall hold office in accordance with the Articles of Incorporation and By-Laws of the company. The Board shall have two (2) independent directors which shall have a maximum cumulative of nine (9) years. The Board shall have executive and non-executive directors in order that no director or small group of directors shall dominate the decision-making process. The non-executive directors shall possess the qualifications and stature that will enable them to effectively participate in the deliberations of the Board.

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.

B. Multiple Board Seats

The Board shall consider adoption of guidelines on the number of directorship positions that a director may hold in other corporations. The optimum number of directorship that a director may hold shall be considered in determining the capacity of a director to diligently and effectively perform his duties and responsibilities. However, the President and executive directors may be covered by a lower (or stricter) limit for membership in other boards in other corporations. The lower limit may also be made applicable to non-executive directors and independent directors who, at the same time, serve as full-time directors or full-time officers in other corporations. The capacity of directors to diligently and effectively perform their duties and responsibilities in any corporation that they may be serving shall never be compromised. A maximum board seat limit of five directorships is allowed. All directors should notify the Board where he/she is an incumbent director before accepting a directorship in another company, and must also disclose immediately should he/she accept any other directorship in any other company.

C. The Chairperson of the Board and President

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.

The functions and duties of the **Chairperson** shall include the following:

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

The functions and duties of the **President** shall include the following:

1. to preside at the meetings of the stockholders;

2. to initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive trainings development and compensation;
3. to supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;
4. to implement the administrative and operational policies of the corporation under his supervision and control;
5. to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;
6. To oversee the preparation of the budgets and the statements of accounts of the corporation;
7. to represent the corporation at all functions and proceedings;
8. to execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors.
9. to make reports to the Board of Directors and stockholders;
10. to sign certificates of stock;
11. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

President (also absorbs the responsibilities of the CEO):

To avoid conflict or a split board and to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making, it is recommended that the positions of Chairman and Chief Executive Officer (CEO) be held by different individuals. This type of organizational structure facilitates effective decision making and good governance. In addition, the division of responsibilities and accountabilities between the Chairman and CEO is clearly defined and delineated and disclosed in the Board Charter.

The **CEO** has the following roles and responsibilities, among others:

- a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
- d. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
- e. Directs, evaluates and guides the work of the key officers of the corporation;
- f. Manages the corporation's resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of the corporation; and
- i. Serves as the link between internal operations and external stakeholders.

D. Vice President – HMO/ MEDICAL/ LIFE/ PA CORPORATE RENEWALS

Including accounts with individual medical plans but treated as corporate account

- Determine what plans and benefits are needed by client.
- Secure proposals from the different HMOs or Life Insurance Principals.
- Submit proposals and provide a detailed comparison of benefits and rates from the different Principals.
- Sit down with client and HMO or Life Insurance Principals to fine-tune the plans and benefits to suit client needs.
- Negotiate with the HMOs/Life Insurance Principals for the desired package and rates for the client.
- Assist the client in deciding the best HMO and package.
- Close the account
- Follow up policy and check if the benefits, plans, and provisions stated therein are according to the agreement, and then submit to client for signature, send back to HMO/LIP and deliver signed and notarized to client.
- Secure contact persons and contact numbers of HMO/LIP especially those needed for emergencies on a 24-hour basis.
- Act as liaison to receive Inclusion/Deletion lists from client and to forward the same to the HMO, and to follow-up new IDs, and collect cancelled IDs and ensure correct billing.
- Get updates from HMO on any new procedures, new accredited clinics, hospitals, coordinators and inform client.
- Schedule review of HMO with utilization report from HMO and submit to client for review and discussion.
- Handle other requests of client.

MONITORS & SUPERVISES:

- New Business & Renewals Supervisor
- New Business and Renewals Corp Officer – Corporate Accounts
- Inclusions, Deletions, Amendments Officer
- VCF Outpatient Processing
- Claims Officers

Vice President – Admin, HR & Sales

- Assists the president and the board of directors to design the company's overall mission, values, and strategic goals.
- Attends meetings with the board of directors and shares company information.
- Leads, guides, directs, and evaluates the work of other employees, such as senior directors and managers, and ensures a healthy working environment.
- Contributes to sales innovations, strategic business development, and the profitability of the company as determined by the company's strategic goals.
- Evaluates the success of the company in achieving its goals and formulates plans to correct any issues if the company is not achieving its goals.
- Manages the daily operations and revenue generation of the company and ensures its continual growth.
- Assists in maximizing the company's operating performance and achieving its financial goals.
- Assists in managing the company's finances, identifying ways to increase revenue and decrease costs, analyzing financial reports, and prepares operating budgets.
- Signs documents and makes commitments for which the company is legally liable.

- Maintains awareness of competitors, expansion opportunities, customers, markets, and new industry developments and standards.

E. Corporate Secretary

The Corporate Secretary shall be a Filipino citizen, and a resident of the Philippines. He is an officer of the company who is primarily responsible to the corporation and its stockholders and not to the Chairperson or the President and has among others, the following qualifications, duties and responsibilities:

- a. He shall be responsible for the safekeeping and preservation of the integrity of the minutes as well as the other official records of the company.
- b. He shall be loyal to the vision, mission and objectives of the company.
- c. He shall work fairly and objectively with the Board, Management, stockholders and other stakeholders.
- d. He must have administrative and interpersonal skills.
- e. If he is not at the same time the legal counsel, he must be aware of the laws, rules and regulations that affect the company.
- f. He must have a working knowledge of the operations of the company. He advises on the establishment of board committees and their terms of reference.
- g. He must inform the members of the Board, in accordance with the By-Laws, of the agenda of meetings and ensure that members have before them accurate information that will enable them to arrive at sound decisions.
- h. He shall attend all meetings of the Board except when justifiable causes, such as, illness, death in the family or serious accidents, prevent him from doing so.
- i. He shall ensure that all laws, rules and regulations of the national and local government, the articles of incorporation and by-laws of the company, as well as this Manual of Corporate Governance, are strictly followed. He advises the Board and the Chairperson on all relevant issues as they arise.
- j. He shall keep abreast on updates in corporate governance by attending trainings.

F. Compliance Officer

The Compliance Officer is a member of the company's Management team in charge of the compliance functions. Similar to the Corporate Secretary, he is primarily liable to the Stockholders and not to the Chairperson or President.

The Board shall appoint a Compliance Officer who should be a senior management officer.

He shall report directly to the Chairman and shall have the following qualifications, duties and responsibilities:

- a. Monitors compliance with all laws, rules and regulations of the national and local government, the Articles of Incorporation and By-Laws of the company, as well as this Manual of Corporate Governance, and if any violations are found, report the matter to the Board and recommend imposition of disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- b. Appears before the Commission when summoned in relation to compliance with the Code of Corporate Governance.

- c. Issues a certification every January 30th of the year on the extent of the company's compliance with the Code of Corporate Governance for the completed year and, if there are deviations, explain the reason/s for such deviation.
- d. Keeps abreast of compliance updates by attending trainings.
- e. Appears before the IC when summoned in relation to compliance with this Code;
- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g. Identifies possible areas of compliance issues and works the resolution of the same;
- h. Ensures the attendance of board members and key officers to relevant trainings; and
- i. Performs such other duties and responsibilities as may be provided by the IC.

G. Qualifications of Directors

In addition to the qualifications provided by laws and the Articles of Incorporations and By-Laws of the company, the Board may provide additional qualifications for membership in the Board such as the following:

- 1. College degree and its equivalent;
- 2. Practical understanding of administration, operations and affairs of the company;
- 3. Membership in good standing in relevant industry, business or professional organization; and
- 4. Previous business or management experience.
- 5. Attendance to the orientation program for first time directors
- 6. Attendance to corporate governance training

H. Disqualifications of Directors

Permanent Disqualification

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

- 1. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, perjury or any other fraudulent acts.
- 2. Persons who have been convicted by final judgment of the court for violation of insurance laws;
- 3. Any person judicially declared as insolvent.
- 4. Other grounds as the Insurance Commission (IC) may provide pursuant to the provisions of the Revised Corporation Code of the Philippines and other related laws.

Temporary Disqualification

The following shall be grounds for temporary disqualification of a director:

- 1. Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the IC. This disqualification shall be in effect as long as the refusal persists;
- 2. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special of the Board of Directors during their

incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;

3. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;
4. Directors and officers of closed insurance companies and insurance intermediaries pending clearance with the IC;
5. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification of the IC;
6. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
7. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
8. Those under preventive suspension;
9. Persons with derogatory records with the NBI, court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
10. Persons who are delinquent in the payment of their obligations as defined hereunder:
11. Delinquency in payment of obligations means that obligations with the insurance company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
12. Obligations shall include all borrowings from an insurance company, or its related companies obtained by: (i) A director or officer for his own account or as the representative or agent of others or where he acts as a guarantor, endorser or surety for loans from such institutions; (ii) The spouse or child under the parental authority of the director or officer; (iii) Any person whose borrowing or loan proceeds were credited to the amount of, or used for the benefit of the director or officer; (iv) A partnership of which a director or officer, or his spouse is the managing partner or a general partner owning a controlling interest in the partnership; and (v) A corporation, association or firm wholly owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items 1,2 and 4.

A temporarily disqualified director shall, within sixty (60) calendar days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses without justifiable reason, the disqualification shall become permanent upon the lapse of the sixty (60) day period.

I. Functions, Duties and Responsibilities of the Board

General responsibility

It is the Board's responsibility to foster the long-term success of the company, and to sustain its viability and sustainability in a manner consistent with its objectives and the best interest of its stockholders and other stakeholders. The Board shall formulate the vision, mission, objectives, plans, policies and procedures of the company including the key result areas and performance indicators to be used in monitoring Management's performance.

Duties and Functions

There are two key elements of the fiduciary duty of board members, the duty of care and the duty of loyalty. To ensure the highest standards of best practice for the company, its stockholders and other stakeholders, the Board shall conduct itself with diligence, honesty and integrity in the performance of its duties and functions which shall include the following:

- a. Implement a process of selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent professional, honest and highly motivated management officers. Adopt an effective succession planning program.
- b. The Board should oversee the development of and approve the company's business strategy, and monitor its implementation in order to sustain the company's long-term viability and strength.
- c. Keep the activities and decisions within the authority granted by the Articles of Incorporation and By-Laws and ensure faithful compliance with laws, rules and regulations of the national and local government and regulatory authorities.
- d. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the President, and control functions led by their respective heads.
- e. The Board shall have the overall responsibility in ensuring that there is a company policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs which guarantee fairness and transparency of the transactions;
- f. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, the directors and stockholders.
- g. Constitute an Audit Committee and such other committees necessary to accomplish its duties and responsibilities.
- h. The Board shall adopt a Code of Business Conduct and Ethics, as may be necessary, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings, and shall ensure the proper and efficient implementation and monitoring of compliance with the said Code;
- i. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;

J. Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director shall act in the best interest of the company in a manner characterized by diligence, honesty, transparency, accountability and fairness. He shall exercise leadership, prudence and integrity. A director shall observe the following specific duties and responsibilities:

- a. Conduct fair business transactions and ensure that personal interest does not conflict with the interest of the company. The basic principle is that a director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality.

Each director shall submit on an annual basis a Declaration of Interest disclosing therein his own or related parties' interest in any matter or in any office or property held by him which might create duties or interests in conflict with his duties or interest as a director of the company.

Devote time and attention necessary to properly and effectively perform his duties and responsibilities. A director shall attend all meetings of the Board and the Committees of which he is a member whether in person or through other means in accordance with the rules and regulations of the IC, except when justifiable causes such as illness, death in the immediate family or serious accidents should prevent him from doing so. A director shall devote sufficient time to familiarize himself with company's operations and shall be constantly aware of and knowledgeable of the same to enable him to meaningfully contribute to the Board's work.

- b. Act judiciously. Before deciding on any matter, a director in all Board and Committee meetings shall carefully evaluate the issues and, if necessary, make inquiries and request clarifications or seek an explanation.
- c. Exercise independent judgment. A director shall view each problem or situation objectively. If there is disagreement, he shall evaluate and explain his position. He should not be afraid to take an unpopular position and shall support any plan or idea that he believes is in the best interest of the company.
- d. Have a working knowledge of statutory and regulatory requirements, including the Articles of Incorporation and By-Laws of the company, the rules and regulations of the Commission, and the requirements regulatory agencies.
- e. Observe confidentiality. A director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position. He shall not reveal confidential information to unauthorized persons without prior authority of the Board.

The Board ensures that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

An Independent Director refers to a person who:

- a. is not or was not a regular director, officer or employee of the covered entity, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;
- b. is not or was not a regular director, officer, or employee of the covered entity's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- c. is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the covered entity, or in any of its related companies or of its majority corporate shareholders;
- d. is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board

- of the covered entity or any of its related companies or of any of its substantial stockholders;
- e. is not acting as a nominee or representative of any director or substantial shareholder of the covered entity, any of its related companies or any of its substantial shareholders;
- f. is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the covered entity, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
- g. is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- h. was not appointed in the covered entity, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
- i. is not affiliated with any non-profit organization that receives significant funding from the covered entity or any of its related companies or substantial shareholders; and
- j. is not employed as an executive officer of another company where any of the covered entity's executives serve as regular directors.

K. Internal Control Responsibilities of the Board

The control environment consists of the following: (i) the Board which ensures that the company is properly and efficiently managed and supervised; (ii) the Management that actively manages and operates the company in a sound and prudent manner; (iii) the organizational and procedural controls supported by management information and risk management reporting systems; (iv) an independent audit mechanism to monitor the adequacy and effectiveness of governance, operations and information systems, including reliability and integrity of financial information, efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- a. The minimum internal control mechanism for the performance of the Board's oversight function may be ultimately accountable for the company's organizational and operational controls; (ii) selection of the person who possesses ability, integrity and expertise essential for the position of President; (iii) evaluation of proposed senior management appointments; (iv) selection and appointment of qualified and competent management officers; and (v) review of human resource policies, conflict of interest situations, compensation programs and management succession plans.
- b. The scope and particulars of the system of effective organizational and operational controls may depend on the following, among others: (i) nature and complexity of the organizational culture; (ii) volume, size and complexity of transactions; (iii) degree of risks involved; (iv) degree of centralization of authority and/or delegation thereof; (v) extent and effectiveness of information technology; and (iv) extent of regulatory compliance.
- c. The company shall establish an internal audit system that reasonably assures the Board, Management and stockholders that key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and shall require him to report to a level that allows the internal audit fulfill its mandate.

L. Attendance in Board Meetings

The members of the Board shall attend its regular and special meetings in person or through teleconferencing or videoconferencing via online means conducted in accordance with the rules and regulations of the Commission.

M. Compensation

Pursuant to the By-Laws, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

N. Promotion of Shareholder Rights

1. It is the responsibility of the Board to adopt a policy informing the shareholders of all their rights. Shareholders are encouraged to exercise their rights by providing clear-cut processes and procedures for them to follow.

Shareholders' rights relate to the following, among others:

- a. Pre-emptive rights;
- b. Dividend policies;
- c. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting;
- d. Right to nominate candidates to the Board of Directors;
- e. Nomination process; and
- f. Voting procedures that would govern the Annual and Special Shareholders' Meeting.

The right to propose the holding of meetings and items for inclusion in the agenda is given to all shareholders, including minority and foreign shareholders. However, to prevent the abuse of this right, companies may require that the proposal be made by shareholders holding a specified percentage of shares or voting rights. On the other hand, to ensure that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration is considered in determining the threshold.

Further, all shareholders must be given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws. The procedures of the nomination process are expected to be discussed clearly by the Board. The company is encouraged to fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

Shareholders are also encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws of the company; (2) the authorization on the increase in authorized capital stock; and (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the company. In addition, the disclosure and clear explanation of the voting procedures,

as well as removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of the shareholders' voting rights. Poll voting is highly encouraged as opposed to the show of hands. Proxy voting is also a good practice, including the electronic distribution of proxy materials.

The 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.

DUTIES TO STAKEHOLDERS

Respecting Rights Of Stakeholders And Effective Redress For Violation Of Stakeholder's Rights

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' right and/or interest are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

Stakeholders in corporate governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the company operates in, society, the government, regulators, competitors, external auditors, etc. In formulating the company's strategic and operational decisions affecting its wealth, growth and sustainability, due consideration is given to those who have an interest in the company and are directly affected by its operations.

The Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

In instances when stakeholders' interests are not legislated, companies' voluntarily commitments ensure the protection of the stakeholders' rights. The company's Code of Conduct ideally includes provisions on the company's policies and procedures on dealing with various stakeholders. The company's stakeholders include its customers, resource providers, creditors and the community in which it operates. Fair, professional and objective dealings as well as clear, timely and regular communication with the various stakeholders ensure their fair treatment and better protection of their rights.

The 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.

The company's stakeholders play a role in its growth and long-term viability. As such, it is crucial for the company to maintain open and easy communication with its stakeholders. This can be done through stakeholder engagement touchpoints in the company, such as the Office of the Corporate Secretary, or through the VP of Admin & HR.

2. Disputes and Resolution

All disputes and its resolution is being handled by the Board, the shareholders being members of the family and limited.

- a. The aggrieved shareholder raises the grievance formally in written form and submits the same to the President or the Corporate Secretary;
- b. The point of concern will become part of the agenda in a regular meeting or a special meeting can be called, depending on the urgency;
- c. The aggrieved party may be called to testify and submit documentary proof, while a separate investigation can also be done;
- d. Considering all the factors presented, the Board decides on the resolution of the complaint, unanimously if not majority and,
- e. Direct the President or the Corporate Secretary to communicate the decision to the aggrieved party.

If the decision is not acceptable to the aggrieved party, and it is appealed, the Board will refer the same to the Legal Officer.

O. Encouraging Employees' Participation

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

The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and its governance

The establishment of policies and programs covering, among the others, the following: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees, encourages employees to perform better and motivates them to take more dynamic role in corporation. Active participation is further fostered when the company recognized the firm-specific skills of its employees and their potential contribution in corporate governance. The employees' viewpoint in certain key decisions may also be considered in governance processes.

P. Committees

1. The Audit Committee

The Audit Committee shall consist of at least three (3) regular members, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of Audit Committee shall be an independent director. The Chairperson of the Audit Committee should not be the Chairperson of the Board or of any other Committee.

The committee shall have the following functions.

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and compliance with laws, rules and regulations.

- b. Provide management oversight over credit, market, liquidity, operational, legal and other risks. This function shall include regular reports from Management regarding risk exposure and risk management activities.
 - c. Perform oversight functions over internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and both are given unrestricted access to all records, properties and personnel to enable them to effectively perform their audit functions.
 - d. Review the annual internal audit plan to ensure conformity with the objectives of the company. The plan shall include scope, resources and budget.
 - e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses and ensure proper coordination if more than one audit firm is involved to secure proper coverage and minimize duplication of efforts.
 - f. Organize the Internal Audit department and consider appointment of an internal auditor and the terms and conditions of engagement and removal.
 - g. Monitor and evaluate the adequacy and effectiveness of the internal control system, including financial reporting control and information technology security.
 - h. Review the reports submitted by the internal and external auditors.
 - i. Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following: (i) any changes in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from the audit; (iv) going concern assumptions; (v) compliance with accounting standards; and (vi) compliance with tax, legal and regulatory requirements.
 - j. Evaluates all related party transactions (RPTs) to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied.
 - k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the company's overall consultancy expenses. The committee shall disallow any non-audit work that may conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the company's annual report.
 - l. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
 - m. In coordination with the Compliance Officer and the President, the Audit Committee shall prepare the company's Whistleblower Policy so as to encourage parties to raise legitimate wrongdoing concerns without fear of being blamed or suffering any disadvantage for doing so.
 - n. The Audit Committee shall also oversee the company's activities in managing Risks in finance, legal, operations, personnel, reputational and emerging risk exposures.
 - o. assessing the integrity and independence of external auditors;
- exercising effective oversight to review and monitor the external auditor's independence and objectivity; and

- p. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

For material risks exposures, it shall closely coordinate with the President and/or other directors and shall recommend to the Board the necessary action plan/s to minimize such identified risk.

Risk Management System

The Board Risk Oversight Committee along with the Board will take the function equivalent to the Chief Risk Officer, with the following functions:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 1. Risk management processes are performing as intended;
 2. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 3. Established risk policies and procedures are being complied with

The Board has approved to adopt the **Audit Committee Charter**.

A. Introduction

This document sets out the roles, responsibilities, and authority of RAROCO Insurance Brokers, Inc. (RAROCO) Audit Committee; including the rules of procedures that shall guide the function of the Committee, as approved by the Board of Directors. The Committee shall review the charter at least annually and obtain the approval of the full Board of Directors for any revisions thereto or for any case where external bodies may suggest a change.

B. Statement of Policy

It is the policy of RAROCO to constitute and maintain an Audit Committee which shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders relating to:

- the Company's financial statements and the financial reporting process,
- the systems of internal and financial reporting controls,
- the internal audit activity,
- the annual independent audit of the Company's financial statements, and
- the compliance with legal and regulatory matters.

To fulfill this responsibility, the Committee shall maintain free and open communication with the company's external auditor, the internal auditor and the management of the Company.

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the Company and the power to retain outside counsel or other experts for this purpose.

The Audit Committee Charter includes responsibility on:

- i. assessing the integrity and independence of external auditors;
- ii. exercising effective oversight and objectivity; and exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

C. Perspective

In response to the call for stronger corporate governance practices and to comply with the requirements of the Code of Corporate Governance issued by the Insurance Commission, the Board of Directors approved the establishment of a Manual of Corporate Governance for the company.

Corporate Governance is the system through which the shareholders, creditors and other stakeholders of the company are assured that Management enhances the value of the organization.

- The Board of Directors is responsible to the stockholders in ensuring that value is created and sustained.
- Management is responsible to the Board in the day-to-day operations of the company, which includes:
 - Operating an effective risk management process
 - Maintaining a strong system of internal controls
 - Preparing financial statements that reliably capture the results of the company's operations and its financial condition.
- The Audit Committee assists the Board of Directors fulfill its responsibility for oversight of the organization's corporate governance processes.
- This entails an understanding of the risks, control and financial reporting issues inherent to the organization.
- To carry out its responsibilities, the Committee relies on the expertise and knowledge of Management, the Internal Auditor and External Auditor.
- The Independent Auditors are responsible to the Audit Committee in helping ensure the integrity of the financial statements.
- The Internal Auditor helps the Committee identify the risks, control and financial reporting issues through the continuous review of the effectiveness of the organization's risk management, controls and corporate governance processes.

Roles and Responsibilities

The Audit Committee is expected, through the provision of checks and balances, to support the corporate governance process. Specifically, it shall be responsible for the following:

1. Financial Reporting

- 1.1 Review of the financial statements and all related disclosures and reports certified by the finance officer and released to the public and/or submitted to the Insurance Commission for compliance with both the internal financial management policies and procedures and pertinent accounting standards, including legal and regulatory requirements.
- 1.2 Ensuring that a transparent financial management system, supported by procedures and policies that will be used by the entire organization, is established to ensure the integrity of internal control activities of the company.

2. Internal Audit

- 2.1 Review and approval of Internal Audit Charter and subsequent revisions thereto.
- 2.2 Ensuring free and full access to all the company's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results.
- 2.3 Ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues.
- 2.4 As necessary, institution of special investigations and, if appropriate, the hiring of special counsel or experts to provide the necessary assistance.

3. External Audit

- 3.1 Recommend the appointment of the Independent Auditors and the fixing of their remuneration to the full Board, with finality approval by stockholders during the annual stockholders' meeting.
- 3.2 Monitoring of the coordination of efforts between the external and internal auditors.
- 3.3 Conducting a separate meeting in executive session. with the external auditors to discuss any matter that the committee or auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.

4. Risk Management

This policy notwithstanding, management shall remain primarily responsible for the development and implementation of the risk management strategies intended to address the identified risks.

D. Membership

- The Audit Committee shall be composed of at least three 3 members to be chaired by an independent member of the Board of Directors.
- Each member shall have an adequate understanding or at least competence on most of the company's operational framework, financial management systems and environment or professionally competent in his/her field of expertise and can contribute to the overall achievement of the Audit Committee's role and responsibilities.
- The Chairman of the Audit Committee shall appoint members of the committee.

E. Meetings and Schedule of Activities

- To provide a systematic guide for the discharge of its responsibilities, the Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting subject to adjustments and/or revisions as needed.
- The Audit Committee shall meet at least twice a year. In cases when there is a need for special meetings to take up any critical items that would need approval in between the regular meeting, it shall be up to the Chairman to either call for a special meeting or just allow the routing of the covering paper.
- The management may be requested to attend the committee meetings as and when appropriate.

F. Reporting Procedures

To ensure that the Committee continues to fulfill its responsibilities in accordance with global best practices and in compliance with the Manual of Corporate Governance, the Committee shall perform self-assessment at least annually.

The Board has approved to the adopt the **Whistleblower Policy**:

Purpose

The purpose of formulating the Policy is to increase the awareness of maintaining internal justice and regard this as a kind of internal control mechanism. To provide proper reporting channels and guidance on whistleblowing. It is also critical to maintain a good corporate image and raise the standard of corporate governance of the company.

A whistleblower is one who exposes information or activities deemed to be illegal, unethical, or improper within an organization. He provides the crucial details that enable the authorities and the public to know that an illegality or illegalities had taken place; how they perpetrated; and the potentially responsible parties.

Policy Statement

RAROCO is committed to carry out its functions with the highest degree of professionalism, effectiveness and transparency. All officers, employees and members of the Board of Directors are expected to conduct its affairs, operation and business in compliance with all applicable laws, rules and regulations.

Policy

This Policy is intended to assist individual employees to disclose information relevant to suspected misconduct, malpractice or irregularity through a confidential reporting channel. It is not designed to further any personal disputes, question financial or business decisions taken by the company nor should it be used to reconsider any staff matters which have been addressed under the grievance procedure already in place. Whistleblowing matters may include but are not confined to:

1. Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters.
2. Violation of the rules and regulations of the Corporation or the Code of Business Conduct and Ethics of the company.
3. Improper conduct or unethical behavior likely to prejudice the standing of the company.
4. Breach of legal or regulatory requirements.

5. Criminal offenses, breach of civil law and miscarriage of justice.
6. Endangerment of the health and safety of an individual.
7. Damage caused to the environment.
8. Deliberate concealment of any of the above.

Procedure

1. Reporting Channel

Complaints may be reported through the following channels:

1. Email: whistleblowing@rarocoinsurance.ph
 2. Mail: c/o Audit Committee
 3. Face to face meeting with Audit Committee member or any trusted officer of the company
2. Details of the complaint – use the standard format attached to this Policy. While it is not expected of the complainant to have absolute proof or evidence of the misconducts, malpractices or irregularities reported, the report should show reasons for the concerns and full disclosure of any relevant details and supporting documentation.
3. Investigation - The format and length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may:
- be investigated internally;
 - be referred to the External Auditor; and/or
 - form the subject of an independent inquiry

Chairman of the Audit Committee or the person designated to investigate the complaint will write to the complainant whenever reasonably practicable of the concern being received:

- acknowledging that the concern has been received;
- advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be;
- giving an estimate of how long the investigation will take to provide a final response telling the complainant whether any initial inquiries have been made, and whether further investigation will take place, and if not, why not.

4. Final Action/Closure

Protection and Confidentiality

The company shall ensure integrity of received information pertaining to the reported case and shall treat all data and evidence gathered with utmost confidentiality and are protected from unauthorized dissemination, disclosure and/or release, unless required by law. Further, management shall guarantee protection of the whistleblower/reporting employee from retaliatory acts or disciplinary action provided the report was made in good faith, with merit and/or supporting evidences and does not merely intend to falsely accuse or destroy a person's reputation.

Anonymous Reporting

If the Whistleblower does not want his/her identity disclosed, he/she may still choose to report the case through any of the above-mentioned channels provided that the details and relevant information pertaining to the case is divulged and complete. The company shall accept anonymous reporting and shall ensure non-disclosure of the identity of the whistleblower at all times.

False Reports

If an employee makes a false report maliciously, with an ulterior motive, or for personal gain, the company reserves the right to take appropriate action/s against the employee to recover any loss or damage as a result of the false report. In particular, the employee may face disciplinary action, including dismissal, where appropriate.

Record Retention

Records shall be kept for all reported misconducts, malpractices, and irregularities by the relevant parties in the company. In the event a reported irregularity leads to an investigation, the party responsible for leading/conducting the investigation shall ensure that all relevant information relating to the case is retained, including details of corrective action taken for a period not exceeding five years (or whatever other period may be specified by any relevant legislation).

Approval, Implementation and Review of Policy

This policy has been approved and adopted by the Board of the Directors. The Audit Committee has the overall responsibility for implementation, monitoring and periodic review of this Policy. In addition, the Audit Committee has delegated the day-to-day responsibility for administration of the Policy to the Chairman of the committee.

The Audit Committee shall at the same time function as the Board Risk Oversight Committee and Related Party Transactions Committee and due to the company's operational limitation. The committee will also handle Risk Management.

2. The Corporate Governance Committee

The 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. It should be composed of at least three members, majority of whom should be independent directors, including the Chairman.

The Board of Directors as a body will function as the corporate governance committee. The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

- a. Oversee the adoption and implementation of the corporate governance policies and framework of the company and periodically review said framework to ensure appropriate to any changes in the company including business strategy.
- b. Oversee the periodic performance of the Board and the committees as well as the executive management to determine that everyone is in track with their performance.
- c. Recommend assignments to Board Committees, including the duties, functions and the adequacy of charters.

- d. Recommend and plan continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Proposes and plans relevant trainings for the members of the Board;
- g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

The establishment of a Corporate Governance Committee does not preclude companies from establishing separate Remuneration or Nomination Committees, if they deem necessary.

3. Board Risk Oversight Committee

Subject to a corporation's size, risk profile and complexity of operations, the Board should establish 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. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The establishment of a Board Risk Oversight Committee (BROC) is generally for conglomerates and companies with a high-risk profile. Should the company diversify/expand to shift into having higher risk profile, it will then accordingly create a larger BROC.

This committee shall have the following functions:

- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

- d. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

4. Related Party Transaction (RPT) Committee

Subject to a corporation's size, risk profile and complexity of operations, the board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.

Examples of companies that may have a separate RPT Committee are conglomerates and universal/commercial banks in recognition of the potential magnitude of RPTs in these kinds of corporations. Since we are considered a low-risk industry, plus the size and scale of our company and operations is not as large, our scope is not as expansive. We will expand duties and scope accordingly with the growth and rise of our company.

The following are the functions of the RPT Committee, among others:

- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non- related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
- d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

5. The Election Committee

The Board of Directors shall be elected during the annual stockholders meeting and shall hold office for one (1) year and until their successors are elected and proclaimed. Due to the company size, scale of operations and the global pandemic, the Board itself is the Election Committee.

The nomination and election process includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates:

- a. possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;
- b. have a record of integrity and good repute;
- c. have sufficient time to carry out their responsibilities; and
- d. have the ability to promote a smooth interaction between board members. A good practice is the use of professional search firms or external sources when searching for candidates to the Board.

In addition, the process also includes monitoring the qualifications of the directors.

Within one hundred twenty (120) days from the date of proclamation as director, the director concerned shall submit to the board of directors a certificate of attendance certifying that he has attended and completed a seminar in good corporate governance. This requirement shall be considered as a qualification for a director to continue discharging his functions and to remain in office.

Q. Encouraging Sustainability and Social Responsibility

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 positive and progressive manner that is fully supportive of its comprehensive and balanced development

The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

The company's value chain consists of inputs to the production process, the production process itself and resulting output. Sustainable development means that the company not only complies with existing regulations but also voluntarily employs value chain processes that takes into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the company plays an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

Since 2018, the company has a policy of launching at least one CSR program annually, and the scale of the event/ program also takes into consideration the company's financial capacity, and manpower situation. The CSR program / event is spearheaded from concept, production, and execution by our president, and is constantly evolving.

ARTICLE 5: GOVERNANCE SELF-RATING SYSTEM

The Board shall itself create or delegate to Management the task of creating an internal self-rating system that measures the performance of the Board and Management in accordance with the Code of

Corporate Governance. The creation and implementation thereof, including its salient features, shall be disclosed in the annual report to stockholders.

ARTICLE 6: DISCLOSURE AND TRANSPARENCY

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

Therefore, it is essential that all materials information which could adversely affect viability or the interest of stockholders and other stakeholders should be publicly and immediately disclosed. Such information shall include, among others, revenues and expenses, acquisition, or disposition of assets, off balance sheet transactions, related party transactions, changes in composition of the Board and direct or indirect compensation and remuneration of officers, employees and personnel.

The company shall disclose all relevant information on its corporate governance policies and practices in the Annual Corporate Governance Report which should be submitted to the IC and continuously updated and posted on the company's website.

ARTICLE 7: COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board and the company shall be committed to establishing and implementing its corporate governance rules in accordance with the Code of Corporate Governance.

The Manual shall be used as reference by members of the Board and Management.

The Manual shall be available for inspection by any stockholder, directors, officers and employees at reasonable hours on business days and copies of the same shall also be available upon request.

The Board shall designate the compliance officer to ascertain that all training programs shall be complied with including the training for directors.

ARTICLE 8: PENALTIES

In the case of directors, officers, employees or personnel who are stockholders, the imposable penalty for violation of non-compliance with any provision in this Manual shall be determined by the Board, taking into account corporation law and jurisprudence as well as this Code, the Articles of Incorporation and By-Laws of the company.

In the case of officers, employees or personnel who are not stockholders, the imposable penalty for violation of or non-compliance with any provision in this Manual shall be determined by Management taking into account labor law and jurisprudence.

ARTICLE 9: EFFECTIVITY

This Manual may be amended or repealed by the Board at a regular or special meeting and the affirmative vote of at least a majority of the Board shall be necessary to amend or repeal this Manual.

IN WITNESS WHEREOF, we, the Chairman and Compliance Officer along with the members of the Board of Directors of RAROCO Insurance Brokers, Inc., hereby adopt the foregoing Manual of Corporate Governance, affixing our signatures this _____ at Makati City, Philippines.

SIGNED:

RAMON A. ROCO
Chairman

MARIE DENISE ROCO – DE LEON
President/ Compliance Officer

RAMON M. HIDALGO
Vice President

KATRINA BIANCA T. TAMAYAO
Independent Director

ANGELINA H. ROCO
Treasurer

REGINA ROSARIO P. GARRUCHO
Independent Director

LORENZO ANGELO H. ROCO
Non-Executive Director

JAIME MIGUEL S. SANTOS III
Independent Director

MIKAELA ANDREA H. SISON
Non-Executive Director

ERNA R. SANTIAGO
Corporate Secretary

IN WITNESS WHEREOF, we, the Chairman and Compliance Officer along with the members of the Board of Directors of RAROCO Insurance Brokers, Inc., hereby adopt the foregoing Manual of Corporate Governance, affixing our signatures this JUN 25 2026 at Makati City, Philippines.

SIGNED:


RAMON A. ROCO
Chairman


MARIE DENISE ROCO - DE LEON
President


RAMON M. HIDALGO
Vice President


KATRINA BIANCA T. TAMAYAO
Independent Director


ANGELINA H. ROCO
Treasurer


REGINA ROSARIO P. GARRUCHO
Independent Director


LORENZO ANGELO H. ROCO
Non-Executive Director


JAIME MIGUEL S. SANTOS III
Independent Director


MIKAELA ANDREA H. SISON
Non-Executive Director


ERNA R. SANTIAGO
Corporate Secretary

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES
CITY OF MAKATI

J.S.S JUN 25 2026

BEFORE ME, a Notary Public for and in the City of Makati, personally appeared,

NAME

ID

ID No.

known to me and to me known to be the same persons who executed the foregoing instrument and acknowledge to me that the same is their free and voluntary act and deed

DOC. NO. 107
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BOOK NO. 10
SERIES OF 2026

ATTY. BERNARDO C. LAUTILLO
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-028 UNTIL DEC. 31, 2027
ROLL NO. 77752 / MCLE Compliance No. VIII-002331 UNTIL APR. 14, 2028
IBP OR. NO. 583936 JAN. 2, 2026 / MAKATI CHAPTER
PTR No. 10765532 - JAN. 5, 2026
UNIT 2-B2 TRANS-PHIL HOUSE, DON CHINO ROCES AVE., COR
BAGTIKAN ST., SAN ANTONIO, MAKATI CITY