

ANNUAL CORPORATE GOVERNANCE REPORT OF
COMMONWEALTH INSURANCE COMPANY
(Name of Company)

- 1 . For the fiscal year ended 31-Dec-22
- 2 . Certificate Authority Number 2022/30-R
- 3 . Metro Manila, Philippines
Province, Country or other jurisdiction of incorporation or organization
- 4 . 10F, 12F, & 19F BDO Plaza, 8737 Paseo de Roxas, Makati City 1226
Address of principal office Postal Code
- 5 . (02) 8818-7626
Company's telephone number, including area code
- 6 . https://cic.com.ph/
Company's official website
- 7 . N/A
Former name, former address, and former fiscal year, if changed since last report.

ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/ NON-COMPLIANT

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

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

<p>1 . Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p align="center">COMPLIANT</p>	<p>Items No. 1 & 2. CIC is composed of 9 directors and 2 independent directors, who has collective qualifications, work and professional experience, in fire, bonds, marine, motor car, engineering, personal accident insurance, special risk, marketing and corporate management. These are provided in their qualification and affiliation disclosure which can be accessed from the CIC's Manual on Corporate Governance (MCG). CIC sets its qualification standards for the selection of its directors in accordance with the standard set under Sec. III of its Manual on Corporate Governance, Structure of Governance.¹ CIC has appointed its new Independent Director, Mr. Randy Zamoranos² replacing Mr. Victoria due to his sudden death. CIC's Board has competent members with wide knowledge and expertise in the field of insurance industry. Moreso, CIC sets standards prior appointing a Board member following the qualification and disqualification stated in its MCG.</p>	
<p>2 . Board has an appropriate mix of competence and expertise.</p>	<p align="center">COMPLIANT</p>		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>3 . Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p>COMPLIANT</p>	<p>3. CIC's Directors' remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the corporation, they continuously provide disclosure in compliance with Sec. VIII of CIC's MCG, Disclosure & Transparency.³ CIC Directors are updated annually as stated in the company GIS⁴. The Directors are also actively participating in Board and Committee Meetings, as reflected in Minutes⁵ of the Board Meeting which are disclosed publicly in CIC website.</p> <p><u>1MANUAL ON CORPORATE GOVERNANCE (No. III, Structure of Governance)</u> https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf</p> <p><u>3COMMITTE MEMBERSHIP</u> https://cic.com.ph/wp-content/uploads/2022/05/9ComMem.pdf</p> <p><u>4CIC GIS 2023</u> https://cic.com.ph/wp-content/uploads/2023/05/GIS2023.pdf</p> <p><u>5BOD MINUTES OF THE MEETING 2022</u> https://cic.com.ph/wp-content/uploads/2023/05/2022BODMoM.pdf</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 1.2			
1 . Board is composed of a majority of non-executive directors.	COMPLIANT	<p>CIC's Board¹ is composed of: 6 Executive Directors (ED); 3 Non-Executive Directors (NED); and 2 Independent Directors (ID)³</p> <p>CIC is committed to comply for the composition of majority of non-executive directors who possess the necessary qualifications to be able to attain the company's objective.</p> <p>¹CIC GIS 2023 https://cic.com.ph/wp-content/uploads/2023/05/GIS2023.pdf</p> <p>²COMPANY WEBSITE-Board of Directors and Officers https://cic.com.ph/board-of-directors-and-officers/</p> <p>³CIC INDEPENDENT DIRECTORS https://cic.com.ph/wp-content/uploads/2022/05/6BoardReso.jpg</p>	
Recommendation 1.3			
1 . Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors,	COMPLIANT	<p>Items No. 1 & 3. As provided under CIC's MCG, to promote effective board performance and continuing qualification¹ of the directors in carrying out their duties and responsibilities, CIC provides a policy on training of its directors.</p> <p>As reflected in CIC's MCG which is available on its website. CIC provides newly elected director/s an orientation in pursuant to the said Corporate Manual. CIC's directors, key officers and members have attended trainings and seminars in compliance with the standard set forth by MGC as published at the company's website².</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>¹ CIC MANUAL ON CORPORATE GOVERNANCE 2023 - A, III - Structure of Governance</p> <p>² CIC WEBSITE -Asean Corporate Governance</p>	
2 . Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	Items No. 2 and 3. CIC in compliance with ACGR, has updated its Corporate Manual and now includes orientation for first time and newly appointed member of BOD. While CIC is complying and is compliant with these report, it has no newly appointed or first time director in 2021 and 2022.	
3 . Company has relevant annual continuing training for all directors.	COMPLIANT	<p>The company shall develop or create opportunities for continuing training and educational program¹ for officers. Directors and employees to promote awareness and strong compliance culture. Please see Chapter VII of MLTFPP¹.</p> <p>¹ CIC MANUAL ON CORPORATE GOVERNANCE 2023 - A, III - Structure of Governance</p> <p>²CIC MLTFPP - Chapter 7</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 1.4			
1 . Board has a policy on board diversity.	COMPLIANT	<p>CIC values diversity and supports workforce equality but against work discrimination of any form at all levels. CIC respects gender equality, in fact, it has women sitting as Member of the Board, Independent Director, Senior Manager, and Committee Managers. CIC as a corporation do as well believe in women empowerment which is in par with its male officers. The names of the women sitting with managerial positions are reflected in the website if CIC under the Board of Directors¹ portion as well as in its GIS².</p> <p>¹COMPANY WEBSITE-Board of Directors and Officers</p> <p>²CIC GIS 2023</p>	
Recommendation 1.5			
1 . Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	<p>Items No. 1 & 2. CIC's Board is assisted by its Corporate Secretary, who is a Filipino citizen, a resident of the Philippines, and performs functions as provided under CIC's MCG and in compliance with Sec. 24 of the Revised Corporation Code (RCC). The Corporate Secretary's duties and functions among others is defined under II(q) of CIC's MCG¹. Moreover, every Board Meetings², the Corporate Secretary always seats in and assists the Board.</p>	
2 . Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	<p>The corporate Secretary is a different individual that of Compliance Officer as stated in A.5.a. of CIC's AML & CTF³ Compliance.</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>¹CIC MANUAL ON CORPORATE GOVERNANCE 2023 - II (q) - Definition of Terms</p> <p>²BOD MINUTES OF THE MEETING 2022 -</p>	
3 . Corporate Secretary is not a member of the Board of Directors.	NON-COMPLIANT	<p>³ANSWER TO AML & CTF COMPLIANCE QUESTIONNAIRE</p>	<p>3. Ms. Lourdes M. Corcelles is the Corporate Secretary, Senior Vice President and a member of the Board of Directors at the same time. This can be seen at the company's GIS⁴ posted publicly at the company's website⁵. However, CIC through the Nomination Committee may nominate and the Board may elect a separate Corporate Secretary that is not a member of the Board of Directors.</p> <p>⁴CIC GIS 2023</p> <p>⁵COMPANY WEBSITE-Board of Directors and Officers</p>
4 . Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>The Corporate Secretary has attended the Corporate Governance Orientation held last October 25, 2004¹ at IIAP Office. Copy of the Certificate can be viewed publicly at CIC's website.</p> <p>¹https://cic.com.ph/wp-content/uploads/2021/06/Corporate-Governance-Orientation-Course-LMC-scaled.jpg</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 1.6			
1 . Board is assisted by a Compliance Officer.	COMPLIANT	<p>Items No. 1 & 2. In accordance with Article 24 of the RCC, CIC appoints a Compliance Officer (CO) to assist the Board and the Board Committees in their respective duties and responsibilities. The appointment of the CO, including his qualifications, duties and functions are disclosed in CIC's MCG¹, Committee Membership 2022² and A.5(a) of CIC's Answer to AML & CTF Compliance Questionnaire 2021³, reflecting the name of the CO and that of the Corporate Secretary.</p> <p>CIC's CO is Mr. Romeo C. Diolata who is also the Head of Legal and Recovery Department. His position has adequate stature and authority to perform the responsibilities of CO. The CO reports to the Chairman of the CG Com on governance matters as provided in CIC's MCG⁴ and in fulfillment of the policy in Compliance Office Committee as provided in company MCG.</p>	
2 . Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	<p>1 CIC MANUAL ON CORPORATE GOVERNANCE 2023 - III - Structure of Governance https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf</p>	
3 . Compliance Officer is not a member of the board.	NON-COMPLIANT	<p>2 COMMITTEE MEMBERSHIP 2022 https://cic.com.ph/wp-content/uploads/2022/05/9ComMem.pdf</p>	
		<p>3 ANSWER TO AML & CTF COMPLIANCE QUESTIONNAIRE https://cic.com.ph/wp-content/uploads/2022/05/2AMLCTFquestionnaire.pdf</p>	3. The Corporate Compliance Officer is Mr. Romeo C. Diolata who is also the Recovery and Legal Manager and at the same time seated as a member of the Board. The Board through the Nomination Committee will nominate a separate person to be the Compliance Officer subject to the Board's approval.

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		4CIC MANUAL ON CORPORATE GOVERNANCE 2022 - III (A)(2.8) https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	
4 . Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	<p>4. The Corporate Compliance Officer attends the CGS Workshop for Non-Life Insurance Corporation¹ held on April 25, 2016, conducted by the Institute of Corporate Directors. Moreover, Mr. Romeo C. Diolata had attended various webinars in compliance with the Insurance Commission and AMLC mandates. copies of the Certificate of Participations were uploaded at CIC's website.</p> <p>¹https://cic.com.ph/wp-content/uploads/2023/05/ICD.RCD.jpg</p> <p>¹https://cic.com.ph/wp-content/uploads/2023/05/COPTFS.jpg</p> <p>https://cic.com.ph/wp-content/uploads/2023/05/COPAMLCRRG.jpg</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 2.1</p>			
<p>1 . Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Each member of the Board of Directors is fully aware of his or her duties and responsibilities as provided by law, CIC's AOI and By-Laws¹, CIC MCG², Committee Membership³, and Code of Offenses⁴ which serves as a guide and ensure that they act on fully informed bases, in good faith, with due diligence and care and in the best interest of the company. A Director performed these duties through his/her attendance in the Minutes of the Board Meeting⁵, Minutes of the Shareholder's Meeting⁶ and Ratification of Official Acts of BOD⁷ as can be seen in CIC's website.</p> <p>¹https://cic.com.ph/wp-content/uploads/2020/07/CIC-By-Laws.pdf</p> <p>²CIC MANUAL ON CORPORATE GOVERNANCE 2023</p> <p>³COMMITTEE MEMBERSHIP 2022</p> <p>⁴CIC CODE OF OFFENSES https://cic.com.ph/wp-content/uploads/2020/07/Code-of-Offenses.pdf</p> <p>⁵MINUTES OF THE BOARD MEETING 2022</p> <p>⁶GENERAL STOCKHOLDERS MEETING</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		²COMPANY WEBSITE-Board of Directors and Officers https://cic.com.ph/board-of-directors-and-officers/	
Recommendation 2.3			
<p>1 . Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>CIC's Chairman of the Board (COB) has academic qualifications, and professional/ business experience for the position. The appointed COB of CIC is a member of the Director and his standard qualifications are provided in No. III.A on Chairman/CEO of CIC's CG Manual¹ and CIC's Website².</p> <p>1 CIC MANUAL ON CORPORATE GOVERNANCE 2023 - A, III - Structure of Governance https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf</p> <p>²COMPANY WEBSITE-Board of Directors and Officers https://cic.com.ph/board-of-directors-and-officers/</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 2.4			
1 . Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Items No. 1 & 2. CIC's succession planning policy for directors, key officers and management may be found CIC By-Laws ¹ , AOI, and MCG ² .	
2 . Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<p>CIC's CG Manual provides that the Board shall ensure the adoption of an effective succession planning program for directors key officers and management to ensure growth and promote dynamism in the corporation and continued increase in the shareholders' value. Retirement Policy for key officers and management team is pursuant to RA 7641 or the Retirement Pay Law. The Remuneration/Compensation Committee³ shall be the proper office that determines the compensation for retirement plans of all CIC employees from the managerial positions to rank and file. Such retirement benefits and program comprises benefits for employees who have served for thirty (30) years or more, for twenty (20) years or more, and the Board is also planning for those who have served for fifteen (15) years or more.</p> <p><u>1CIC BY LAWS</u> <u>https://cic.com.ph/wp-content/uploads/2020/07/CIC-By-Laws.pdf</u></p> <p><u>2CIC MANUAL ON CORPORATE GOVERNANCE</u> <u>https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf</u></p> <p><u>3COMMITTEE MEMBERSHIP</u> <u>https://cic.com.ph/wp-content/uploads/2022/05/9ComMem.pdf</u></p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 2.5			
1 . Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	Items No. 1, 2, & 3. CIC adopts a policy the alignment of remuneration to performances. The policy is contained in No. IX.E. of CIC's CG Manual ¹ , Compensation Committee and HR policies.	
2 . Board aligns the remuneration of key and board members with longterm interests of the company.	COMPLIANT	CIC in setting its annual business objectives and strategies identifies the corporate goals and targets to which each department shall set their divisional goals to support the company's overall achievement, defining the Key performance indicators, key result areas and financial metrics to match achievement rate pursuant to a performance incentive program. This can be found in CIC's CG Manual. CIC's Board through the Remuneration/Compensation Committee sets the remuneration policy for the director's and corporate officers as well as to the rank and file. CIC Directors do not participate in any discussions or deliberations involving his/her own remuneration, except for a reasonable per diem as provided for the attendance in board committee meetings, as provided in CIC's CG Manual and HR Policies.	
3 . Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION	
Recommendation 2.6				
1 . Board has a formal and transparent board nomination and election policy.	COMPLIANT	1. CIC's MCG provides the policy and procedure for nomination and qualifying nominees for directors and the election. This is aligned to the Revised Corporation Code, SEC Regulations, Securities Regulations Code (SRC), CIC's By-Laws, and CIC CG Manual. For IDs, nomination and election policy can be found in the CIC's CG Manual. For regular directors, their qualifications can also be found in the CIC's CG Manual. ¹		
2 . Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	2, 3, & 4. CIC's CG Manual provides the nomination and election policy of CIC to its Director's and ID's including the procedure of nomination acceptance from minority shareholders and deliberation of nominated candidates. As disclosed in the company's Website.		
3 . Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT			
4 . Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT		5. CIC's CG Manual provides for the functions of the Corporate Governance Committee (CG Com) which is stated in No. IX.C of CIC's CG Manual. Likewise, with the Board's nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director, in accordance with the same manual.	
5 . Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT		6. CIC's CG Manual provides for the qualifications of directors which is in accordance with the existing laws on the RCC.	
6 . Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		¹ CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 2.7			
1 . Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	1. CIC has over all responsibility to ensure a policy and system governing related party transaction (RPTs) setting the scope, guidelines, materiality thresholds, and management of conflict of interests taking into account the structure, risk, and complexity of the transaction. These are guided in accordance with the CIC's Money Laundering and Terrorist Financing Prevention Program (MLTFPP). 2 & 3. The Corporation's Policy on Related Party Transactions (RPTs) ensures that all company dealings are done at arms' length basis. All transactions involving related parties require disclosure in the audited financial statement. CIC religiously complied with its responsibilities involving RPT's by submitting its quarterly report on RPT's. The Audit and Finance Committee, assisted by CO reports to the Board who reviews, if there exists any anomalous transactions. The RPT policy covers all entities within the same group as disclosed in CIC's MLTFPP ¹ .	
2 . RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3 . RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	¹ CIC MLTFPP 2021 https://cic.com.ph/wp-content/uploads/2022/09/MLTFPP.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 2.8			
<p>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).</p>	COMPLIANT	<p>Items No. 1 & 2. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other departments that control the functions such as of Underwriting Head or Officer, Chief Compliance Officer and Audit Committee. CIC's CG Manual provides that a minimum internal control mechanisms for the performance of the Board's oversight responsibility may includes the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls. Said manual also provides management's performance and assessment, and states that as part of its internal controls, the Board shall ensure that the Corporation is properly and effectively managed and supervised. CIC adopts the annual targets approved by the Board as part of the performance assessment of the CEO, Management Team and all personnel. CIC's management team names is disclosed in CIC's Committee Membership¹.</p>	
<p>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).</p>	COMPLIANT	<p>¹COMMITTEE MEMBERSHIP https://cic.com.ph/wp-content/uploads/2022/05/9ComMem.pdf</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Items No. 1 & 2. CIC adopts the annual targets approved by the Board as part of its performance assessment of CEO, Management Team and all of its personnel. The performance appraisal for the Management Team and all personnel are conducted every once a year. These are provided under CIC HR Policies.	
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	1. CIC's CG Manual, provides that the Board is primarily responsible for the governance of the corporation, as well as responsible for overseeing that an appropriate internal control system is in place as discussed in III.A. of CIC's CG Manual ¹ and CIC's Anti Fraud Policy and Fraud Response Plan.	
2 . The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	2. As stated in CIC's CG Manual the Board's oversight responsibility including among others the review of human resource policies, conflict of interest situations, compensation program for employees, and management succession plan. Provides framework under which internal control are developed and implemented to manage and control a particular activity or combination of business activities to which a corporation is exposed. ¹ CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		2CIC CODE OF OFFENSES https://cic.com.ph/wp-content/uploads/2020/07/Code-of-Offenses.pdf	
3 . Board approves the Internal Audit Charter.	COMPLIANT	<p>The Internal Audit Charter is approved by the Board of Directors as recommended by the AFC. Under No. V-Accountability and Audit of CIC's MCG¹, the internal audit submits to the Audit and Finance Committee an annual report on the internal audit, departmental activities, duties and responsibilities and performance in relation to audit plans and strategies per approval and review by the Board.</p> <p>1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf</p>	
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	<p>Items No. 1 & 2. The CIC's Board of Directors, through the different Committees, provides oversight over Management's activities in managing the audit and financial liquidation, operational, marketing, legal and other risks of exposure of the corporation. The function includes regular receipt from Management of information on risk exposures and risk management activities. The respective Committee has their own functions, duties and responsibilities as provided in CIC's Annual Financial Report¹, Annual Stockholder's Meeting, Annual Board Meeting, Ratification of the Annual Board Meeting and Minutes of the General Stockholder's Meeting.</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	The risk management shall be under the responsibility of the integrated function of each business unit particularly, by the Underwriting Department of the organization with the guidance, control and monitoring of the Board as provided under the CIC's CG Manual. 1CIC FINANCIAL STATEMENT 2022-2021 https://cic.com.ph/wp-content/uploads/2023/05/AFS2022.pdf	
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	Items No. 1, 2, & 3. As stated in No. III-A-Structure of Governance, of CIC's MCG ¹ , the qualification, disqualification and policy on multiple board membership serves as a guide for the Board and corporate directors on proper execution of their roles, responsibilities and accountabilities in carrying out its fiduciary duties, as well as their performance functions. The MCG is available to the public and can be checked at the company's website ² . 1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf 2COMPANY WEBSITE - Mandatory Content https://cic.com.ph/mandatory-content/	
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		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 3.1</p>			
<p>1 . Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>CIC's Board established the Board Committees focusing on the specific board functions. CIC has Executive Committee (ExeCom), Audit & Finance Committee (AFC), Corporate Governance Committee (CG Com), Nomination Committee (NomCom), Compensation & Remuneration Committee which are indicated in No. IX of CIC's CG Manual, available in CIC's Website.¹</p> <p>¹CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf</p>	
<p>Recommendation 3.2</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>1. CIC's Board established the AFC which is responsible in overseeing the corporation's financial reporting and control and internal and external audit processes in compliance with applicable laws and regulations as provided in the CIC's CG Manual, Financial Statement and Annual Report in accordance with existing rules and procedures in accordance with the Philippine Financial Reporting Standards (PFRSs) and with Philippine Standards on Auditing (PSAs). These are provided on CIC's Audited Financial Statement for the years ended 2022 and 2021¹.</p> <p>¹CIC FINANCIAL STATEMENT 2022-2021 https://cic.com.ph/wp-content/uploads/2023/05/AFS2022.pdf</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2 . Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Nos. 2 to 4. The members if the Audit Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. In fact, the Chairman and Vice Chairman of the Audit and Finance Committee has several trainings and seminars in relation to corporate management and financial accounting such as the following:	
3 . All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<p>1. Seminar on The New Accounting Standards of Ms. Corcelles on November 25, 2005¹</p> <p>2. Corporate overnance Orientation Course of Mr. Regala held on November 10, 2005²</p> <p>3. 2005 International Accounting Standards Seminar for Non-Life of Ms. Corcelles on February 18, 2005³</p> <p>4. Corporate Governance Orientation Course of Ms. Corcelles held on October 25, 2004⁴</p> <p>The certicate of attendance of the Audit and Finance Committee Chairman and Vice-Chairman are publicly available at CIC's website. Items No. 2 & 4.As provided in CIC's CG Manual, CIC's AFChas seven (7) members, who has relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p> <p>The Chairman of the AFC is Mr. Randy Zamoranos³ independent director and not a Chairman of the Board or of any other committee. These are disclosed in CiC CG Manual.</p>	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
4 . The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	1New-Accounting-Standard-LMC-scaled.jpg (2560x1862) (cic.com.ph)	
		2Corporate-Governance-Orientation-Course-RCR-scaled.jpg (1862x2560) (cic.com.ph)	
		3Intl-Accounting-Standards-LMC-scaled.jpg (2560x1862) (cic.com.ph)	
		4Corporate-Governance-Orientation-Course-LMC-scaled.jpg (1862x2560) (cic.com.ph)	
		4COMMITTEE MEMBERSHIP https://cic.com.ph/wp-content/uploads/2022/05/9ComMem.pdf	
Recommendation 3.3			
1 . Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	CIC's Board established a CG Com which assists the Board in its corporate governance responsibilities. The nomination and remuneration function are lodged in the NomCom and Compensation and Remuneration Committee as provided in No. X.C, D and E of the CIC's CG Manual.	
2 . Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	NON-COMPLIANT		2. CIC has established a Corporate Governance Committee as stated in No. IX. Committee of MCG. However, the Board has only two (2) corporate independent directors. Nevertheless, CIC may add one Independent Director in pursuant with the procedures on appointment/nomination conducted by the Nomination Committee.

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3 . Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		3. CIC has appointed a chairman of the CG Com, however, such Chairman is not an Independent Director. CIC commits by nominating one Independent Director in pursuant again to the discretion of Nomination Committee.
Recommendation 3.4			
1 . Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Items No. 1, 2, 3, and 4. CIC has established a BROC ¹ that is responsible for the oversight of the company's enterprise Risk Management System that ensures functionality and effectiveness of the management. This is spearheaded by Ms. Elvira Lascano, an Independent Director who holds no other Chairmanship of Committee except for this. CIC complied with at least three members, in which the majority of whom are Independent Directors, including the Chairman of the Board or of any committee, and that at least one member of the BROC has relevant thorough knowledge and experience on risk and risk management, as reflected in CIC's MCG ² .	
2 . BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT		
3 . The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT		
4 . At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT		
		¹ COMMITTEE MEMBERSHIP https://cic.com.ph/wp-content/uploads/2022/05/9ComMem.pdf	
		² CIC CORPORATE GOVERNANCE MANUAL https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	"Items No. 1 and 2. CIC has established a Related Party Transactions (RPT) Committee' whose tasked is to review all material related party transactions of the company. Currently, this is headed by Randy Zamoranos composing of at least three non-executive directors, which will be tasked to oversee and review all the committee's transactions. 1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	While CIC has established the RPT Committee, and has four (4) members including the Chairman, it has yet to comply by majority of members that should be independent, including the Chairman. CIC commites to comply to the RPT Committee that should have majority of independent members.
2 . RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	NON-COMPLIANT		
Recommendation 3.6			
1 . All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Items No. 1, 2, and 3. The Committee Charters are clearly stated in CIC's MCG under IX. Committee. Under the said provision, are several established Committees with specific purposes, membership, structure of governance, operations, reporting process, resources and other relevant information. The Compensation and Remuneration Committee is tasked to assist the Governance Committee and Board of Directors by recommendig and overseeing the implementation of program of salaries and other benefits on performance bases. The Committee Charters are disclosed in CIC's website.	
2 . Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3 . Committee Charters were fully disclosed on the company's website.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 4.1			
1 . The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele-videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	CIC Directors attends and actively participate in the Board, Annual Board Committee Meeting, Manager's Meeting and Annual Shareholder's Meeting in person. Details of the director's attendance in the aforementioned meetings are disclosed in CIC's website. Meeting materials are sent to Directors in advance. Directors can also request other necessary information directly to senior management by email.	
2 . The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	In accordance with CIC's CG Manual, the corporate secretary has the responsibility to inform the members of the Board, as required in the By-Laws ¹ of the agenda of the meetings that at least five (5) working days in advance, and ensure that the members have the accurate information that will enable them to arrive at intelligent decisions on matters that require their approval. ¹ CIC BY LAWS https://cic.com.ph/wp-content/uploads/2020/07/CIC-By-Laws.pdf	
3 . The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The Corporate Secretary attests that the Director/s asks the necessary questions or seek clarifications and explanations during the Board and Committee, or Management Meetings.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 4.2			
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.	NON-COMPLIANT		CIC ensures that the Board members are committed to perform on their duties and responsibilities regardless of the number of board seats they have in other companies so long as they disclosed it and such membership in other companies did not prejudice the trust and confidence reposed to him by CIC. As such, absence of company policy, CIC takes note of the guidelines on proper number of recommended board as mandated by the Insurance Commission.
Recommendation 4.3			
1 . The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT	CIC requires the directors who are nominated for re-election to provide for their list of directorship in other companies. This is part of the screening and short-listing procedure as provided for in its CG Manual.	
Recommendation 5.1			
1 . The Board is composed of at least twenty percent (20%) independent directors.	COMPLIANT	CIC has two (2) IDs. The Securities Regulations Code requires at least 2 or 20% of the members of the Board, whichever is the lesser. As per RCC, the Board of CIC shall have independent directors constituting at least 20 % such Board.CIC has complied with the requirement mandated by law by having two (2) IDs. This is disclosed in CIC's website under Board of Directors and Officers option. ¹ ¹ CIC BOARD OF DIRECTORS AND OFFICERS https://cic.com.ph/board-of-directors-and-officers/	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 5.2			
1 . The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	CIC IDs possess all the qualifications and none of the disqualifications to hold their positions as provided for under the RCC, the Securities Code and its IRR, and other relevant laws. They are screened based on the procedure of CIC's Corporate Governance Manual. The names, qualifications and affiliations of CIC's IDs are disclosed in CIC's Website.	
Recommendation 5.3			
1 . The independent directors serve 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	Items No. 1, 2, and 3. The BOD has elected two (2) new Independent Directors on February 9, 2021 namely: Mr. Rofolfo S. Victoria and Ms. Elvira E. Lascano. However, Mr. Victoria, was replaced by Mr. Randy Zamoranos ¹ on December 21, 2021. The newly appointed Independent Directors will serve the company for a term of five (5) years. Their appointment is clearly stated at the company's Secretary's Certificate/Board Resolution ¹ dated March 04, 2021. Independent Director's term is fixed for five (5) years only and without re-election for the same position.	
2 . The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	The company's compliance to the Insurance Commission is likewise reflected at the said Secretary's Certificate/Board Resolution which was submitted to them also.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3 . In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	COMPLIANT	BOARD RESOLUTION FOR INDEPENDENT DIRECTOR - Randy Zamoranos https://cic.com.ph/wp-content/uploads/2022/05/6BoardReso.jpg	
Recommendation 5.4			
1 . The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	1. It is separate and distinct individuals hold the positions of Chairman of the Board who is Mr. Rafael C. Regala, whereas the Chief Executive Officer is Mr. Mario A. Noche. This is disclosed in CIC's website on Board of Directors and Officers ¹ and GIS 2022 ² . ¹ CIC WEBSITE - Board of Directors and Officers https://cic.com.ph/board-of-directors-and-officers/ ² CIC GIS 2023 https://cic.com.ph/wp-content/uploads/2023/05/GIS2023.pdf	
2 . The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	2. The respective responsibilities of the Chairman and CEO are found in CIC's CG Manual, By-Laws, as well as defined under the RCC in the event, either of them is unavailable.	
Recommendation 5.5			
1 . If the Chairman of the Board is not an Independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	COMPLIANT	CIC's Chairman of the Board is not an ID as disclosed in CIC's Website on Board of Director's and Officers.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	As provided in CIC's CG Manual on Norms and Conduct of a Director that in the event of non-compliance thereof, disqualification will follow in accordance with the same Corporate Manual and procedures under the RCC will also be followed.	
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 within the corporation.	NON-COMPLIANT		Items No. 1 and 2. CIC's Board of Directors exercises independence with regard to their individual duties and responsibilities and may access or inquire any member of the management committee, if necessary or may raise any clarification in relation to corporate affairs during Board Meeting or Committee Meeting as to company operations.
2 . The meetings are chaired by the lead independent director.	NON-COMPLIANT		
Recommendation 6.1			
1 . The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	1. CIC's CG Manual provides that the best measure of the Board's effectiveness is through an assessment process. The Board monthly carries out an evaluation to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies in accordance with it's goals.	
2 . The performance of the Chairman is assessed annually by the Board.	COMPLIANT	2. As stated in MCG of CIC, under the Accountability & Audit (B), the accountability and responsibility of the Board of Directors to conduct an annual performance and assessment to the President, CEO and Chairman of the Board.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3 . The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT	3. Under No. VII. Governance and Self Rating System of CIC's CGM, the Board created an internal self-rating system that can measure the performance of the Board and Management in accordance with the criterion set forth under the Revised Corporation Code.	
4 . The performance of each committee is assessed annually by the Board.	COMPLIANT	4. The HR Committee annually conducts a self-assessment of the performance of each Committee. The Board through the HR sets a system that provides, at the minimum and maximum criteria to determine the performance of every Committee. Such system allows for a feedback mechanism from the Board, that each committee shall adopt an internal assessment worksheet that can measure its performance.	
5 . Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		The Board's self-assessment was implemented within the bounds set by the internal facilitator. However, CIC will employ the services of an external facilitator when necessity arises to assist in the performance assessment upon approval by the Board.
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	Items No. 1 and 2. Under No. VII. Governance and Self Rating System, CIC's Board of Directors is guided by the provisions set forth therein. In addition, Under No. IX-Committee, supports the company principles of good governance and constitute the necessary committee's specific duties and responsibilities as may be deemed necessary.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2 . The system a for a feedback mechanism from the shareholders.	COMPLIANT	Creation of Self-Rating System including its salient features is disclosed in CIC's MCG which is also posted in CIC's website.	
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	1. The Board has formulated the Code of Offenses as a guide to strengthen its commitment towards Corporate Governance and to provide thorough guidelines for actions of CIC employees. It articulates unacceptable conduct for internal and external dealings of the company through its employees. The CIC's HR policies are supplemental to the Code of Offenses ¹ . ¹ CODE OF OFFENSES https://cic.com.ph/wp-content/uploads/2020/07/Code-of-Offenses.pdf	
2 . The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Items No. 2 & 3. The Code of Offenses as well as the Company's Manual and Policy are disseminated to the Board, senior management and employees. The Board, senior management and employees can access it through the Corporation's website on Code of Offenses and before employment the Company's Manual and Policy is personally given.	
3 . The Code is disclosed and made available to the public through the company website.	COMPLIANT	However, copy of the same is available upon request.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 7.2			
1 . Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Items No. 1 & 2. Under the CIC's CG Manual and Code of Offenses and Policy, the board ensures the proper and efficient implementation and monitoring in compliance with the company's internal policies. Regular cascading of information to CIC employees by Memos thru company's internal email and trainings/seminars on company policies are also conducted for employees. Any violations of the provisions aforementioned will result to its corresponding penalties for violations of company policies depending on the gravity of offense/s committed.	
2 . Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		
Disclosure and Transparency			
Recommendation 8.1			
1 . Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	To ensure a comprehensive, accurate, reliable and timely reporting to shareholders and other stakeholders with a fair and complete picture of the corporation's financial condition, results and business operations, CIC's MCG under the No. VIII on Disclosure and Transparency ¹ , which provides that the more transparent the internal workings of the corporation are, the more difficult it will be for the management and dominant stockholders to mismanage the corporation or misappropriate its assets. 1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 8.2			
1 Company has a policy requiring all directors to disclose/report to the company any dealing in the company's shares within three business days.	COMPLIANT	Items No. 1 and 2. Under No. VIII, 2nd par. of CIC's MCG, it is the standing policy that all material information about the corporation which could adversely affect its viability or the interest of its stakeholders should publicly and timely disclosed.	
2 Company has a policy requiring all officers to disclose/report to the company any dealing in the company's shares within three business days.	COMPLIANT		
Recommendation 8.3			
1 . Board fully discloses all relevant and material information on individual board members to evaluate their experience and q ualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Items No. 1 & 2. CIC's MCG states that the company must comply with the Disclosure and Transparency as the essence of corporate governance is transparency. Disclosing all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. These disclosure and transparency will be of help to avoid conflicts of interest among the members for corporate management. All relevant and material information on individual board members is disclosed in CIC's HR Files.	
2 . Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 8.4			
1 . Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	Items No. 1, 2, and 3. Under VIII-Disclosure and Transparency of CIC's MCG, the essential material information about the corporation which could adversely affects its viability or interest of its stockholders and other stakeholders should be publicly and timely disclosed. There is also transparency of the remuneration of the members of the Board and the management.	
2 . Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	Under IX-Committee of CIC's MCG, the Compensation and Remuneration Committee is the one who is responsible on the termination and retirement provided with further approval by the Board.	
3 . Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 8.5			
1 . Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Items No. 1 & 2. As part of CIC's Policy on RPTs, it discloses and ensures that all company dealings are done in accordance with the company's standard rules and regulations in transacting to its clients and based on its program in combating fraud. These transactions are in a manner that customer identification and customer due diligence policies are fully implemented. In addition, all related documents are required to undergo approval by the different concerned Committee before issuance of specific insurance bond or policy. Any unusual or suspicious transactions are immediately acted upon by the employee who discovered such transaction by reporting it to the Compliance Officer for documentation and reports it to the Board for their endorsement and reporting before the Insurance Commission. These policies are available at CIC's MLTFPP and CG Manual.	
2 . Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT		
Recommendation 8.6			
1 . Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	1. Under No. IV-Adequate Timely Information of CIC's MCG, it must be transparent and open channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by the user and other stakeholders. In addition, under VIII-Disclosure and Transparency, disclosure of essential and all material information about the corporation which could affect its viability or interest of its stockholders and other stakeholders should be publicly and timely disclosed.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2 Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	CIC engages the services of Philippine Appraisal Company, and Yabut & Zamoranos, CPAs, for valuation of assets. The evaluation of CIC's assets are fully stated in CIC's financial statement which can be seen at CIC's website.	
Recommendation 8.7			
1 . Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Items No. 1 & 2. CIC's CG Manual contains its CG policies, programs, committees, rules and procedures. The Manual is available at its Website portion on Asean Corporate Governance.	
2 . Company's MCG is posted on its company website.	COMPLIANT	CIC's CG Manual is available to the public and posted on CIC's website. CIC Website portion on CG Manual. ¹ 1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	
Recommendation 9.1			
1 . Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Items No. 1 & 2. CIC's policy on Audit and Finance Committee includes the process of approving and recommending the appointment, reappointment, removal, and fees of the external auditor. Such decision-making is within its internal control as a unit of CIC and with the approval or recommendation by the Board.	
2 . The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3 . For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	3. There was no removal of external auditor of CIC. Yabut Zamoranos and Co., CPAs engaged by CIC as its external auditors exercising effective oversight review and monitoring of the audit processes of Audit and Finance Committee, taking into consideration the applicable laws in auditing.	
Recommendation 9.2			
1 . Audit Committee Charter includes the Audit Committee's responsibility on: <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. 	COMPLIANT	Items No. 1 and 2. CIC has established an Audit and Finance Committee, in which the committee has its own charter stating its responsibilities, including reviewing and monitoring of external auditor's sustainability and effectiveness on an annual basis. This is clearly provided in No. X. Committee (B) Audit and Finance Committee of CIC's MCG.	
2 . Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Items No. 1 and 2. CIC engage the services of R. R. Tan & Associates, CPAs as its external auditing firm who prepares the company's, financial position, statement of changes in equity, statement of comprehensive income and statement of cash flows. The financial position of CIC, presents fairly for the years ended 2021 and 2020 in accordance with the Philippine Financial Reporting Standards (PFRSs) and with Philippine Standards on Auditing (PSAs). These are provided in CIC's Audited Financial Statement ¹ for the years ended 2022 and 2021. 1CIC FINANCIAL STATEMENT 2022-2021 https://cic.com.ph/wp-content/uploads/2023/05/AFS2022.pdf	
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	Items No. 1 and 2. Under the CIC Manual on Corporate Governance, it has a policy on disclosure of non-financial information, the framework of rules, and processes that govern the performance of Board and management of their respective duties and responsibilities and to the community in which it operates. It undertakes to strictly comply and adheres to raise its standards and best practices in accordance with ASEAN Corporate Governance Guidelines and Regional and Global Standards.	
2 . Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	CIC has an updated website ¹ to ensure the timely and accurate dissemination of material and relevant information to the shareholders and the public. ¹ CIC WEBSITE https://cic.com.ph/	
Risk Management Framework			
Recommendation 12.1			
1 . Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	1. CIC has different internal Committees which is tasked in line with the functions and responsibilities as stated in the CG Manual and HR Policies. Each Committee exercises their power with due care and diligence. It ensures that decisions are made in good faith and in the best interests of the company. The reports are well scrutinized based on the Committee's plans and scope of activities which is being reviewed and submitted regularly to the Board during the scheduled meetings.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2 . Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>2. CIC has an adequate and effective risk management framework in the conduct of its business in accordance with CIC's CG Manual, Anti Fraud Policy¹ and MLTFPP. The top risks in insurance to which CIC seriously addressed including but not limited to computer hacking, forged or fraudulent documents submitted, etc. Meanwhile, the main risks arising from the Company's financial instruments are credit risk, liquidity risk, and interest rate risk. CIC ensures the integrity of internal control activities, develops, oversees, checks and pre-approves financial management functions and systems in the areas of other risks and crisis management.</p> <p>¹https://cic.com.ph/wp-content/uploads/2021/06/ANTI%20FRAUD%20POLICY%20AND%20FRAUD%20RESPONSE%20PLAN.pdf</p>	
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	CIC has an Internal Audit and Finance Committee which provides an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 12.3			
1 . The company has a qualified Chief Audit (CAE) appointed by the Board Executive.	COMPLIANT	Items No. 1, 2 and 3. The Board appointed Ms. Lourdes Corcelles as the Chairman of Audit and Finance Committee. Being the Chairman of the committee she is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. Her duties and responsibilities are also in coordination with other Committees to ensure correct data gathering and to avoid financial losses of the company due to misinformation.	
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, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT		
Recommendation 12.4			
1 . The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The Underwriting Department is the one responsible and is task to determine the quality of business ans its risk. CIC's ExeCom in cooperation with other Committees, oversees the establishment and implementation of the risk management system and annually reviews the effecttiveness of the system. In particular ExeCom considers on a regular basis whether CIC's ongoing risk management program identifies all material and critical areas of risk and if so, a timely remedial action is undertaken to address area of weakness. The ExeCom also reviews CIC's risk management policy and exposures.	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Items No. 1 and 2. The CIC's Risk Management System is under the control of a Senior Manager for Underwriting Department who is licensed with the Insurance Commission as an Underwriter. One of the duties and responsibilities of the Head of Underwriting Department is to determine the risk to be covered in accordance with the company's Underwriting Guidelines and Acceptance Limits.	
2 . CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT		
Shareholders			
Recommendation 13.1			
1 . Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance	COMPLIANT	Items No. 1 & 2. CIC's CG Manual discloses a synergic relationship with its shareholders and their respective rights are fully respected and prioritized. That as part of its business conduit the Board in the interest of its shareholders should protect the latter's rights by providing assurance and not to loss their trust and confidence to the company. This is provided in CIC's Amended Artices of Incorporation, By-Laws, and under VI of CIC's CG Manual on Shareholder's Right and Protection of Minority ¹ . 1CIC MANUAL ON CORPORATE GOVERNANCE https://cic.com.ph/wp-content/uploads/2023/05/ManualCG2023.pdf	
2 . Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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 CG Manual of CIC clearly provides protection and rights of the shareholders. It states that, "In the conduct of the annual and special stockholder's meetings, the Board should be transparent and fair to the former. The stockholders must be encouraged to personally attend the meetings. They have the right to attend by proxy." This is in consonance with CIC's Annual General Stockholders' Meeting ¹ on April 10, 2017 was disclosed on May 05, 2017 or twenty five (25) calendar days prior to AGSM date. The same procedure has already been observed and followed. 1CIC ANNUAL CORPORATE MEETING https://cic.com.ph/wp-content/uploads/2023/05/2022BODMoM.pdf	
Recommendation 13.3			
1 . Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	1. The result of the votes taken during the AGSM were made publicly available the next day after the adjournment of the meeting held by CIC's Board. The copies of the result were disseminated through email of the respective Board of Directors and Shareholders at the same time uploaded in the company's website.	
2 . Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	COMPLIANT	2. CIC's Minutes of the Annual General Shareholders' Meetings were available on the company website on the next business days from the adjournment of the meeting. AGSM Minutes ¹ is disclosed in the CIC's website. 1CIC ANNUAL CORPORATE MEETING https://cic.com.ph/wp-content/uploads/2023/05/2022BODMoM.pdf	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 13.4			
1 . Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	COMPLIANT	Items No. 1 & 2. CIC ensures that as far as practicable, the Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. A shareholder has the option to avail of the mechanism under the Alternative Dispute Resolution Act of 2004. CIC adopts as a policy in all its transaction, including intra-corporate disputes, adherence to the Alternative Dispute Resolution Act of 2004 and in pursuant to governing laws on the Revised Corporation Code.	
2 . The alternative dispute mechanism is included in the company's Manual on corporate Governance.	COMPLIANT		
Duties to Stakeholders			
Recommendation 14.1			
1 . Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	CIC's stakeholders are its shareholders, clients, suppliers, creditors, the community & its employees as provided under the CIC's CG Manual.	
Recommendation 14.2			
1 . Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	CIC regulates its business dealings to its stakeholders in accordance with the existing company policies, rules and regulations and CG Manual.	
Recommendation 14.3			
1 . Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	Stakeholders may submit related concerns through CIC's website or through a dedicated e-mail address of info@cic.com.ph ¹ . ¹ CIC CONTACT DETAILS https://cic.com.ph/contact-us/	

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 15.1			
1 . Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	CIC recognizes the need of employees for growth, training and development programs. These are regulated as part of CIC's HR Policy for future advancement of its employees and career growth across all levels. CIC conducts Training Programs with the objective in line with the Company's mission, and vision planning program. In-house trainings on skills, marketing development, basic negotiation, change management, and basic operating procedures are also provided by the Company to the employees. These trainings are designed to augment and develop the employee skills and competencies.	
Recommendation 15.2			
1 . Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	CIC is fully aware of the various business risk, that is why it created a Code of Offenses to strengthen its commitment towards Corporate Governance and to provide a thorough guidelines for the actions of employees. The company advises its employees to be accountable for all of their actions and must avoid solicitation and acceptance of gifts of high value from business partners, clients and/or suppliers. The Code of Offenses can be found in the CIC's Website.	


	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2 . Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	CIC's HR policy and other company's program are disseminated to senior management and employees. It is part of the required standard of hiring and recruitment policy of the company which is thoroughly discussed to new employee/s upon acceptance. The Board, senior management and employees can access it by requesting such documents to the HR Manager and through the provided e-mail of the company.	
Recommendation 15.3			
1 . Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	Items No. 1, 2 and 3. CIC's Code of Offenses, Compliance Officer Unit, CIC's MLTFPP, Fraud Policy and MCG in addition to its AOI and By-Laws, the Board has a well established framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation. That the employee/s have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns and such confidential information is prioritized by the Board and ensures the enforcement of whistleblowing framework as well as the proper sanction and penalty in accordance with the law.	
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.	COMPLIANT		
3 . Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT		

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 16.1			
<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>CIC as a growing company recognizes the importance of understanding stakeholder expectations and getting their feedback in assessing which material concerns it should focus on. The Corporation identifies its important stakeholders and determine its primary engagement methods and policy/activities to address stakeholders concerns and recommendations for further development of the company.</p>	

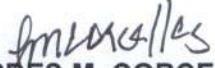
CERTIFICATION

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

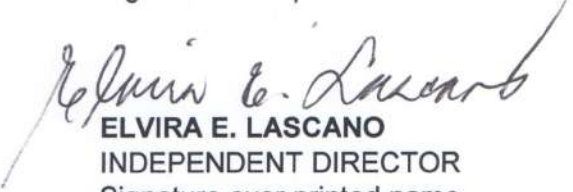
Signed in the City of Mandaluyong on the 30th of May 2023.

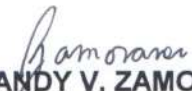

RAFAEL C. REGALA
CHAIRMAN OF THE BOARD
Signature over printed name


MARIO A. NOCHE
PRESIDENT/CEO
Signature over printed name


LOURDES M. CORCELLES
CORPORATE SECRETARY
Signature over printed name


ROMEO C. DIOLATA
CORPORATE GOVERNANCE
COMPLIANCE OFFICER
Signature over printed name

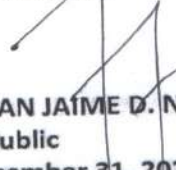

ELVIRA E. LASCANO
INDEPENDENT DIRECTOR
Signature over printed name


RANDY V. ZAMORANOS
INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this 30th day of May, 2023, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NO.	DATE/PLACE ISSUED
1 RAFAEL C. REGALA	TIN: 104-129-188	
2 MARIO A. NOCHE	TIN: 123-271-559	
3 LOURDES C. CORCELLES	TIN: 123-127-615	
4 ROMEO C. DIOLATA	TIN: 183-132-322	
5 ELVIRA E. LASCANO	TIN: 123-245-465	
6 RANDY ZAMORANOS	TIN: 236-341-177	

Doc. No. 397
Page No. 80
Book No. 16
Series of 2023.


ATTY. JUAN JAIME D. NOLASCO
Notary Public
Until December 31, 2024
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PTR No. 5083494 - 1/3/2023
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Roll No. 60888
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