

SUSTAINABILITY REPORT

(2022)

**Commonwealth Insurance Company
(CIC)**

Commonwealth Insurance Company has set a Mission, Vision and Values in order to address the corporate social responsibility and sustainability to achieve the company's objectives.

MISSION

To contribute to the development of society and help assure the future generations of its preservation and peace of mind by enabling security through insurance.

VISION

To create a country's leading insurance that consistently pursues sustainable growth and enhances corporate value.

VALUES

Aims to enhance customer focus, integrity, teamwork, innovation and professionalism by contributing to solutions for sustainability issues with understanding and participation from the company's stakeholders.

INTRODUCTION

Since its establishment in 1935, Commonwealth Insurance Company, being a non-life insurance company has consistently provided safety, security, and peace of mind in conducting business activities with consideration for sustainability to its patron. Currently, the company has 45 branches nationwide which remains active and as always ready in the service to the community.

CORPORATE SOCIAL RESPONSIBILITY

Commonwealth Insurance Company is committed to secure and assure the peace of mind of its clients by providing them with insurance options, wherein, security of property, loss, and other coverage arising from an unknown or contingent event are as its main priority. The company fully understands its client's hesitancy and doubts at first, but with the company's assurance since its foundation, every client's needs are respected. CIC offers excellent and top notch customer service, as well as integrity and mutual respect of humanity. CIC envisions long term returns and contribution to solutions for sustainability issues.

The CIC is fully aware of the consequences of climate change, that is why it seriously take cognizance and addresses the issues and impacts of it on environment, social, and governance (ESG) that poses shared risk to re-insurers, communities, businesses, local and national government authority, and society at large, to wit:

1. Responsibility to Clientele

CIC provides top quality service in risk solutions with its clients and patrons, and assures that it fully satisfied them with its services.

2. Responsibility to Shareholders

CIC is dependent to its shareholder's anticipations by escalating its innovativeness value and providing appropriate profit sharing.

3. Responsibility to Agents

CIC works hand in hand with its Agents to achieve mutual prosperity through collaboration and as crucial business partners.

4. Responsibility to Stakeholders

CIC maintains healthy relations with its business partners and work together to accomplish common objective to society.

5. Responsibility to Employees

CIC provides a motivating and acquiescent working environment for its employees that are invaluable in keeping the company strong and successful for the years to come.

6. Responsibility to Local Communities and International Community

CIC preserves good relations with local and international communities and works for mutual development as a member of these communities.

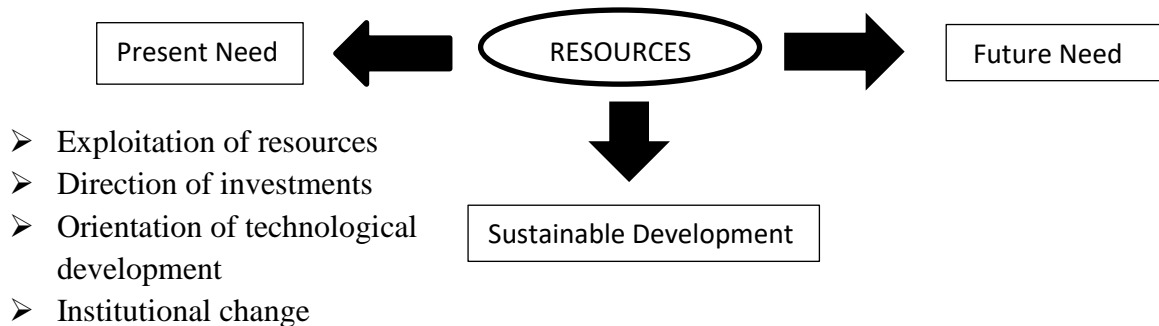
7. Responsibility to the Environment

CIC works to help conserve and improve the global environment for the benefit of future generations. “Try to leave the earth a better place than when we arrived”. Protect and save the environment.

SUSTAINABLE DEVELOPMENT

Sustainable Development defined:

A development that meets the present without compromising the ability of future generations to meet their own needs.



Lesson Objectives:

1. Understand the concept, history, challenges & principles of Sustainable Development (SD);
2. Appreciate & pursue the SD initiative in the Philippines context and apply relevant principles;
3. Know and determine the applicability of the various environmental laws in our company while pursuing its corporate goals;
4. Commit to perform the duties as Steward of the Environment.

Objectives of SD in Philippine Context:

1. To ascertain the sustainable utilization of the country's resources i.e. forests, croplands, and minerals;
2. To achieve and maintain an acceptable quality of air and water which are common resources;

3. To achieve a level of population growth and could be optimally supported by and would not cause undue stress on the country's resources;
4. To develop public awareness of the interdependence between environmental quality and the economic productivity and create a constituency for environmental protection.

ENVIRONMENT, SOCIETY & GOVERNANCE SUTAINABILITY APPROACH

Commonwealth Insurance Company always consider sustainability in terms of the environment, society and governance (ESG) issues in all group of insurance business activities, including development of products and services, underwriting and investments. ESG related impacts include infringement of human rights that threaten respect for basic rights, deforestation due to illegal logging, and corruption that undermine economic growth and stability. Business influence affects ESG factors, and our group itself might be one of them. While we respond to ESG related risks to our group, we have been outsourcing business opportunities in addressing ESG concerns, particularly, giving motor car insurance with extended coverage driving protection services to support safe driving and thereby reduce accidents, and using collected data to present preventive measure against natural disaster.

A. ENVIRONMENT:

Commonwealth Insurance Company is committed in leveraging awareness and risk preparedness in improving insurance literacy and its impact in the environment. CIC in response to the Climate Change has listed some mitigating circumstances to help improve the community in relevance to its non-life insurance business, to wit:

1. CIC contributes to climate change mitigation and adaptation as it may bring material impacts to the lives of the people in the society, to the ecosystem that may pose substantial risks to the insurance industry;
2. CIC contributes to the decarbonized society that supports initiatives for reduction of CO2 emissions and climate change mitigation such as enhancement of the stable and sufficient supply and usage of **renewable energy**;
3. CIC does not underwrite insurance coverage to a coal fired power plants, however, may do so in exceptional cases where plants (power) are extremely needed and is essential for the stable supply of energy to the community or country;
4. CIC highly encourages paperless communication in all its branches nationwide to use electronic mail as information dissemination. Electronic mailing is beneficial for the planet, as it reduces the paper usage and damage to the environment; and,

5. Underwrites and issue Bonds both Performance and Surety that guarantees for solar power, biomass, and wind-power projects to promote diffusion of renewable energy.

B. SOCIAL COMMUNITY:

Commonwealth Insurance Company strives to be a responsible citizen which is committed to do more as the pandemic exists not only in the Philippines but also in the entire world. The products and services offered by CIC geared towards the realization of a secured and prosperous society for all. Support, clients, intermediaries and stakeholders in facilitating ESG—related information which might be required during the ESG due diligence of transactions.

C. GOVERNANCE:

The Commonwealth Insurance Company's Corporate Governance since its establishment is a result of multi-year initiative to develop a strong guide in management. The ESG risks in risk assessment and insurance underwriting in relation to governance has an initial focus on non-life insurance business.

C.1. Governance in Management

The aim of this Governance is to establish a structure in which all of our corporate officers and employees from managerial to rank-and-file aim to achieve compliance, with a constant awareness of our corporate social responsibilities, to wit:

1. Focus to achieve our mission by ensuring compliance in every aspect of our corporate activities;
2. Submission of compliance and proper actions in response to the expectations and requests of society, with all laws and regulations related to our corporate activities, and relevant guidelines issued by competent government agencies;
3. CIC's underwriters consider issues and risks that would negatively impact on the society and the global environment. These risks including characteristics which might affect the ability to assess and mitigate such risks are considered in response to the demand of society;
4. Address growing concerns by stakeholders across society on ESG risks and articulate the peculiarities of the insurance business; and,
5. Demonstrate the valuable role the insurance industry plays in the global economy and society, and strengthen the industry's contribution to sustainable growth.

C.2. Governance in the Conduct of Corporate Officers and Employees

1. Faithful compliance with law and regulations, etc., and if we discover any behaviour with the potential to violate laws and regulations, etc., shall be pointed out and a corrective measure will be implemented;
2. Faithful conduct in considering preventive action, the proper measure is applied whenever the act committed is ethical or not then, the preservation of humanity and good and fair judgment for the common good will always prevail;

C.3. Governance in ensuring appropriate corporate action

1. Prohibition of engagement in unfair trade, such as restricting competition through collusion or acquiring unfair benefits by abusing our position as well as bribery and money laundering/financing of terrorism;
2. Protection of intellectual property rights and not infringing the intellectual property rights of others;
3. Customer due diligence in maintaining, using, and keeping their records confidential in a lawful manner;
4. Fair resolution in dealing antisocial forces and no acceptance of any unjust, and unlawful demands;
5. Appropriate management of conflicts arising from personal interests or benefits will not be tolerated and customers' interest will be highly prioritized;
6. Ensuring that all transactions are fair, authentic and reasonable;
7. Management transparency is highly advocated and disclosure of information are accessible only on appropriate usage and basis; and,
8. Lawful management of corporate assets, company information and trade secrets;

C.4. Governance in Human Rights and Conducive Working Environment

1. Respect of human rights and refrain of employees or customers discrimination on the grounds of race, nationality, gender, age, profession, religion, physical deformities and the likes;
2. As respecting human rights is the foundation of a safe society where one can live at ease and enjoy a peaceful life. CIC's conducts business in respect for human rights.

3. CIC refrains from issuances of insurance that may cause indiscriminate mass killing.
4. CIC ensures that its employees have a safe and comfortable working environment.

C.5. Governance of the Board

The Board of Directors specially created a **Sustainability Committee** that will hold discussions on the policies, plans, and the progress for the business operations with consideration for sustainability. Commonwealth Insurance Company has designate a **Sustainability Officer**, which is task of a full time role in ensuring company compliances in relation to sustainability laws, circulars, rules and other pertinent compliances to appropriate government agency and other entities particularly, Philippine Center for Environmental Awareness and Sustainability, Inc. (PCEAS, Inc.)

1. CIC shall formulate and update regularly its Sustainability Report. This formulation and updating are reviewed by the Board as necessary in the light of prevailing regulatory developments, instructions, rules and regulations; and,
2. CIC's Sustainability Committee shall keep the highly transparent disclosure and engage in dialogue with stakeholders in relation to activities that it may proposed for the good of the environment.