



CORPORATE GOVERNANCE FRAMEWORK

JING AN SPECIAL RISKS INSURANCE & REINSURANCE BROKERS INC.
August 2024

Prepared by:		Details
Version	:	2024-02
Name	:	Arnel N. Cachuela
Position	:	Head of Business Development
Date	:	15 August 2024

REVIEWED AND APPROVED BY:

Reviewed/Endorsed by:		Position	Date
Antonio C. Balmori	:	Head Broking	28 August 2024
Approved by:		Position	Date
Francisco Miranda	:	Chairman and President	10 September 2024

VERSION HISTORY:

Version No.		Title	Remarks
2024-01	:	JASR Corporate Governance Framework	Initial Corporate Governance Framework preparation and approval.
2024-02	:	JASR Corporate Governance Framework	Initial Corporate Governance Framework with approval.

Corporate Governance
For
JING AN SPECIAL RISKS INSURANCE AND REINSURANCE
BROKERS, INC.

INTRODUCTION

The word or name “Jing An” in Chinese means essence or spirit in peace and in Japanese it could mean a good person, god or harvest. Jing An Special Risks Insurance and Reinsurance Brokers Inc. (JASR) was incorporated in 2018 as a support to a company that focuses of specialized risks such as kidnap and ransom and security consultancy – *Blackpanda*.

The company was organized by a group of former US Special Forces personnel that have several tours of duty in the Philippines as security advisors to the Philippine Military. Blackpanda eventually shifted its focus from physical security to Cyber Security but still incorporating the physical aspects. However, the Philippines is not yet prepared to accept this new type of security threat. Despite of this, JASR campaigned and promoted cyber insurance while Blackpanda went around espousing cyber security and incident response while getting a cover holder from one of Lloyds of London insurer, Talbot (AIG Group). This is a holistic approach in tackling cyber threats and incidents.

In 2022, a new management was ushered in allowing JASR to expand its expertise particularly focusing on various foreign investments, mining, manufacturing, and power generation, new products and risk management, but still maintaining its original purpose of promoting and bring in expertise and capacity on cyber security insurance.

Our Mission

We strive to integrate in its methodology across all three components of enterprise and personal risks, translating bespoke products and services into comprehensive financial coverage. We believe that in order to best mitigate risk, companies and individuals must take into full consideration the comprehensive nature of the threats they face, and we are there to assist them.

Our Vision

We intend to be the best in what we do and be known as a leading service-oriented broker in the Philippines.

OBJECTIVE

This Framework is primarily intended to implement the objectives of the Code of Corporate Governance issued by the Insurance Commission (IC) for the enhancement of the corporate accountability of insurers and intermediaries and promote the interests of the stakeholders, specifically those of the policyholders, claimants, and clients.

The Board of Directors (the “Board”) and Management, employees, and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible. The Company likewise recognizes, and thus puts importance, on the interdependence between business and society. As such, the Company is dedicated to growing its business while contributing to the advancement of society where it operates.

COMPLIANCE SYSTEM & STRUCTURE

JING AN SPECIAL RISKS INSURANCE AND REINSURANCE BROKERS (JASR) believes that corporate governance is a necessary component in sound strategic business management. It shall undertake to adhere, increase awareness, and monitor the enforcement of this policy.

This document shall institutionalize the principles of good corporate governance in the entire organization.

The Board, management, and staff of the Company shall commit themselves to adhere to the principles of good governance as embodied in its Articles of Incorporation, By-Laws, and Code of Conduct, as well as regulatory issuances on good governance.

The Board recognizes its responsibility to provide effective corporate governance oversight of the Company’s affairs and declares its commitment to the corporate governance principles and leading practices. Accordingly, the Board has adopted this Corporate Governance Manual to assist it in the discharge of its duties and responsibilities.

The Manual is in addition to and is not intended to change any applicable laws or regulations, or the Charter or By-laws of the Company. The Board, in its discretion, may modify or make exceptions to the Manual from time to time, consistent with the duties and responsibilities it owes to the Company, the shareholders, and the stakeholders.

Definition of Terms

Corporate Governance - the system of stewardship and control to guide the Company in fulfilling its long-term economic, moral, legal, and social obligations towards its stakeholders. It is a system of direction, feedback, and control using regulations, performance standards, and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior—reconciling long-term customer satisfaction with shareholder value—to the benefit of all stakeholders and society. Its purpose is to maximize the Company's long-term success, creating sustainable value for its shareholders, stakeholders, and the nation.

Board of Directors – the governing body elected by the stockholders that exercises the corporate powers of the Company, conducts all its business, and controls its properties.

Management – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Company.

Executive Director – a director who has executive responsibility of day-to-day operations of a part or the whole of the Company.

Non-executive Director – a director who has no executive responsibility and does not perform any work related to the operations of the Company.

Internal control – a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

Enterprise Risk Management – a process, effected by the Company's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

Related Party – shall cover the Company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

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.

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, customers, creditors, employees, suppliers, and investors, as well as the government and community in which it operates.

BOARD OF DIRECTORS

The Board of Directors of the Company is the governing body elected by the stockholders that is given authority by law to exercise the corporate powers of the Company, conducts all its business, and controls its properties. Thus, to effectively perform its mandate, it is necessary that it be composed of directors with collective working knowledge, experience, or expertise that is relevant to the Company's business and industry. It should have an appropriate mix of competence and expertise, and its members should remain qualified for their positions individually and collectively to enable it to fulfill its roles and responsibilities and respond to the needs of the Company based on the evolving business environment and strategic direction.

BOARD COMPOSITION

To effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balance, the Board of Directors of the Company shall be composed of at least five (5) members, majority of whom shall be preferably composed of non-executive directors and at least one (1) of whom shall be independent directors. The directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

Non-Filipino citizens may become members of the Board of Directors to the extent of the foreign participation in the equity of the Company, provided that the majority of the directors must be residents of the Philippines.

Qualifications of Directors

1. Should own at least one share of the capital stock of the Corporation which share shall stand in his name on the books of the Corporation;
2. Should be a college graduate or have sufficient experience in managing a business concern to substitute for such formal education.
3. Should be at least twenty-one (21) years old;
4. Should possess to have proven integrity and honor;
5. Disclosed to the Board any present directorship position with other companies;

6. Should not have any legal disqualifications as provided under the By-law and the laws of the Republic of the Philippines.

Qualification of Independent Director

1. Should not be or have been an officer or employee of the corporation, its subsidiaries or affiliates, or related interests for at least three (3) years immediately preceding his term or incumbency;
2. Should not be related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer, or the majority shareholders;
3. Should not be a majority shareholder of the company, any of its related companies, or of its majority shareholder;
4. Should not be acting as nominee or representative of any director or substantial shareholder of the company, any of its related companies or any of its substantial shareholders; and,
5. Should be free from any business or other relationships with the institution or any of its major shareholders which could materially interfere with the exercise of his judgment.

BOARD BALANCE, DIVERSITY AND INDEPENDENCE

JASR Board of Directors shall endeavor to have a balanced composition of executives and nonexecutive directors, such that, no individual or small group of individuals can dominate the Board's decision making. The Board shall determine whether a director is independent in character and judgment, or there are relationships or circumstances that are likely to affect the director's judgment. The Company shall identify in its Annual Report its non-executive independent directors.

The Board also recognizes the benefits of having a diverse Board as an essential element in maintaining a competitive advantage and achieving optimal decision-making. The Board shall consider diversity in age, gender, ethnicity, culture, race, skills, regional and industry experience and background, and other distinctions in determining the composition of the Board of Directors.

The Board shall ensure that each director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out his or her responsibilities.

ROLES AND RESPONSIBILITIES OF THE BOARD

It is the Board of Directors' general responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and stakeholders.

To ensure a high standard of best practice for the Company and its stockholders and stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

1. Act on a fully informed basis in good faith, with due diligence and care and in the best interest of the Company, its shareholders and stakeholders;
2. Oversee the development of and approve on an annual or quarterly basis the vision, mission, goals, business objectives, strategies, and capital plans of the Company, and monitor their implementation in order to sustain the Company's long-term viability and strength;
3. Appoint on an annual basis a competent and qualified Chairperson of the Board, the President, and the Senior Management Officers of the Company;
4. Ensure and adopt an effective succession planning program for directors, key officers, and management to ensure growth and a continued increase in the shareholder's value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession to promote dynamism in the Company;
5. Align the remuneration of key officers and board members with the long-term interests of the Company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration;
6. Have a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates;
7. Ensure that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions,

particularly those that pass certain thresholds of materiality. The policy should include appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions; and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations;

8. Approve the selection and assessment of the performance of the management led by the President, and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Head of Internal Audit);
9. Establish an effective performance management framework that will ensure that the management, including the President, and personnel's performance are at par with the standards set by the Board and senior management;
10. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflict of interest of management, board members, and shareholders. The Board shall also approve the Internal Audit Charter;
11. Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess, and manage key business risks of the Company, and to enable the Board to identify business units and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;
12. Have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Charter should serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the Company's website;

In addition to the above, the Board should also have the following specific roles and responsibilities to the Company:

13. Oversee the conduct of Company's business to ensure that the business is being properly managed and dealings with policyholders, claimants, and creditors are fair and equitable;
14. Approve corporate policies in core areas of operations, specifically underwriting, investments, reinsurance, and claims management;
15. Develop and implement an investor relations program or adopt a shareholder communications policy for the Company;
16. Have an appropriate reporting system so that the Board can monitor, assess, and control the performance of management;
17. Present to all its shareholders a balanced and understandable assessment of the Company's performance and financial conditions;

18. Ensure the Company's faithful compliance with all applicable laws, regulations, and best business practices;
19. Declare and approve policyholder dividends;
20. Elect a Director, in case of vacancy, in accordance with the applicable provisions of the Revised Corporation Code of the Philippines;
21. Determine and approve the compensation of independent directors;
22. Approve the Charter, By-laws, Corporate Governance Manual, Code of Business Conduct and Ethics, and other corporate governance documents, as may be appropriate, and any amendments thereto, and ensure fulfillment of all duties and responsibilities set forth therein; subject to the requirements of the law, review and approve mergers, joint ventures, acquisitions, and/or takeovers, which includes the authority to appoint an independent party to evaluate and determine the financial viability of the transaction;
23. Perform such other duties and responsibilities as may be required by applicable laws or regulations or Company policy or in connection with a matter over which the Board has authority.

Specific Duties and Responsibilities of a Director

A director's position is one of trust and confidence. A director should act in the best interest of the Company, its shareholders, and stakeholders in a manner characterized by transparency, accountability, and fairness. He or she should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress.

The Directors of the Company shall observe the following norms of conduct:

- a. The Board shall act on a fully informed basis in good faith, with due diligence and care and in the best interest of the Company, its shareholders and stakeholders;
- b. Conduct fair business transaction with JASR to ensure that personal interest does not bias Board decisions and the interests of the Company;
- c. Whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution that those offered to others. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or related interests. He shall avoid situations that would compromise impartiality. A conflict of interest shall be considered material if the director's

personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company;

- d. Act honestly, in good faith, and with loyalty to the best interest of the institution, its stockholders (regardless of the amount of their stockholdings), and other stakeholders such as its policyholders, investors, borrowers, other clients, and the general public. A director must always act in good faith with care, which an ordinarily prudent man would exercise under similar circumstances, while a director shall always strive to promote the interests of all stockholders. He shall also give due regard to the rights and interests of other stakeholders;
- e. Devote time and attention necessary to properly discharge their duties and responsibilities. Directors shall devote sufficient time to familiarize themselves with the Company's business. They must constantly be aware of the Company's condition and be knowledgeable enough to contribute meaningfully to the Board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the Company, he should neither accept his nomination nor run for election as a member of the Board;
- f. Act judiciously. Before deciding on any matter brought before the Board of Directors, every director shall thoroughly evaluate the issues, ask questions, and seek clarification when necessary;
- g. Exercise independent judgment. A director shall view each problem / situation objectively. When a disagreement with others occurs, he shall carefully evaluate the situation and state his position. He shall not be afraid to take a position even though it might be unpopular. Corollary, he shall support plans and ideas that he thinks will be beneficial to the Company;
- h. Have a working knowledge of the statutory and regulatory requirements affecting JASR, including the contents of the Articles of Incorporation and By-laws, the requirements of the Insurance Commission, and where applicable, the requirements of other government agencies. A director shall also keep himself informed of the industry developments and business trends in order to promote and safeguard JASR's competitiveness; and
- i. Observe confidentiality. Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the Board of Directors.

The directors shall be furnished a copy of the duties and responsibilities of the Board of Directors as well as specific duties and responsibilities of the directors within thirty (30) working days from the date of their election. The directors concerned shall each be required to acknowledge receipt of the copies of such specific duties and responsibilities and shall certify they fully understand the same.

BOARD MEETINGS

The directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's business. Thus, the directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele/videoconferencing conducted in accordance with the By-Laws of the Company and the rules and regulations of the IC and SEC, except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent them from doing so.

Each of the directors is encouraged to attend at least 75% of all Board meetings every year, and the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency may be a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident, or other unforeseen or fortuitous events.

Unless otherwise provided by law or the Company By-Laws, majority of the directors shall constitute a quorum to transact corporate business, provided that when a Board decision is required, a minimum quorum of 2/3 of the directors shall be required, except for the election of officers, which shall require the vote of the majority of all the members of the Board, shall be valid as a corporate act.

Board Orientation and Annual Continuing Training Program

a. On-boarding training for new directors

The Board, with the assistance of the Corporate Secretary, shall ensure that first-time directors are given the necessary orientation program. The orientation program shall cover Insurance Commission (IC) mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, By-Laws, the Code of Conduct, and other relevant policies. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

b. Annual board training

All directors shall be provided with annual continuing training to promote effective board performance and continuing qualification of the directors in carrying out their duties and responsibilities. The annual training is aimed at providing the board with continuous information of the developments in the business and regulatory environment, including emerging risks relevant to the company. The training program should include Insurance Commission (IC)-mandated topics on corporate governance, specifically:

- a. Code of Corporate Governance for IC-regulated companies
- b. ACGS and IC Annual Corporate Governance Report
- c. Board Responsibilities
- d. Illegal activities of corporations/directors/officers
- e. Protection of minority shareholders
- f. Liabilities of directors
- g. Confidentialities
- h. Conflict of interest
- i. Related-party transactions
- j. Enterprise risk management;
- k. Case studies and financial reporting; and
- l. Audit report.

Annual board training shall also include such other courses and coverage that the Board may deem appropriate for its training and development needs.

The Chairperson and the President

The roles of the Chairperson of the Board and the President should, as much as possible, be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. However, due to the current conditions and with JASR, which just started its operations, the position, for practicality, is still under one person. There should be a clear delineation of functions and responsibilities between the Chairperson of the Board and the President to facilitate effective decision-making and good governance.

If the Chairperson of the Board is not an independent director, or if the positions of the Chairperson and the President are unified, a proper check and balance mechanism should be laid down to ensure that the Board gets the benefit of independent views, perspective, and judgment. In such case, the Board may designate an independent director as lead director who shall have sufficient authority to lead the Board in cases where management has clear conflicts of interest. He shall, among others, have the following functions: serve

as an intermediary between the Chairperson and the other directors when necessary; convene and chair meetings of the non-executive directors; and contribute to the performance evaluation of the Chairperson, as required.

Chairperson of the Board

In addition to the powers and functions provided by the applicable laws and the Company By-Laws, the Chairperson of the Board, who shall be a non-executive director, shall also have the following roles and responsibilities:

1. Makes certain 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. Guarantees 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 to 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 the performance of the Board, the committees, the directors, the Chairperson and the President is evaluated at least once a year and discussed/followed up on.

BOARD SUPPORT

Corporate Secretary

The Board of Directors shall appoint a Corporate Secretary who shall be a Filipino citizen capable of carrying out the duties to which the post entails, and his removal shall be a matter for the entire Board to decide. The Corporate Secretary, who must have sufficient background and training in legal, accounting, and company secretarial practices, shall ensure that all appointments are properly made and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the requirements of the Insurance Commission and other regulatory agencies. The Corporate Secretary should be

a separate individual from the Compliance Officer; should not be a member of the Board of Directors' and should annually attend a training on corporate governance.

The Corporate Secretary, who is primarily responsible to the Company and its shareholders and not to the Chairperson and CEO of the Company, shall also have the following responsibility:

- a. Assists the Board and the Board Committees in the conduct of their meetings, including preparing the annual schedule of the Board and Committee meetings and the annual Board Calendar, and assisting the Chairs of the Board and its committees to set agendas for those meetings;
- b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- c. Keeps abreast of relevant laws, regulations, all governance issuances, relevant industry developments, and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, management, and stockholders and contributes to the flow of information between the board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e. Advises on the establishment of Board Committees and their Charters;
- f. Informs members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent him from doing so;
- h. Performs required administrative functions;
- i. Oversees the drafting of the By-Laws of the Company and ensures that it conforms with the requirements of the regulators, such as the IC and the SEC;
- j. Ensures that all Board procedures, rules, and regulations are strictly followed by the members;
- k. Ensures proper onboarding of new directors (i.e., orientation on the Company's business, manual/charter, Articles of Incorporation and By-Laws, among others), and annual continuing training for all directors;
- l. Performs such other duties and responsibilities as may be provided by the Insurance Commission (IC) and the Securities and Exchange Commission.

Compliance Officer

The Board shall also appoint a Compliance Officer of the Company, who should be a senior officer with adequate stature and authority in the Company. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

Similar to the Corporate Secretary, the Compliance Officer shall be primarily liable to the Company and its shareholders, and not to the Chairperson or President of the Company, and shall have the following duties and responsibilities:

- a. Monitors, reviews, evaluates, and ensures compliance by the Company, its officers, and its directors with the relevant laws, this Code, rules and regulations, and all governance issuances of regulatory agencies;
- b. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- c. Ensures the integrity and accuracy of all documentary submissions to regulators;
- d. Appears before the SEC and IC when summoned in relation to compliance with their Code of Corporate Governance;
- e. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- f. Identifies possible areas of compliance issues and works towards the resolution of the same;
- g. Ensures the attendance of board members and key officers to relevant trainings; and
- h. Performs such other duties and responsibilities as may be provided by the IC and the SEC.

Board Remuneration

The Board recognizes the need for the Company to develop and disclose a remuneration policy statement covering board members and key executives. Thus, the level of remuneration shall be sufficient to attract and retain the quality of directors to run the Company successfully. The significant proportion of executive director's remuneration, on the other hand, is structured so as to link rewards to corporate and individual performance.

The levels of remuneration of non-executive directors shall reflect their experiences, responsibilities, and performance, and shall reflect the time commitment and

responsibilities of the office or position. Remuneration for non-executive directors shall not include share options. If options are granted, shareholders' approval shall be sought in advance, and any share acquired by way of an exercise of an option shall be held until at least one year after the non-executive director leaves the board. Holding of share options is relevant to determining the non-executive director's independence.

The performance-related elements of remuneration shall form a significant proportion of the total remuneration package of executive directors and shall be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels.

There shall be formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

Directors shall not participate in the determination of their own per diems or compensation, if any, and in no case shall the total yearly compensation of directors exceed ten (10) percent of the net income before income tax of the Company during the preceding year. Since the Company is vested with public interest, it shall submit to its shareholders and the SEC, an annual report of the total compensation of each of their directors.

Election and Term of Directors

1. Directors are elected by a simple majority of shareholders at their annual general meeting.
2. The Board of Directors shall hold office for one (1) year or until their successors are duly elected and qualified.
3. Each director shall hold office until his successor shall have been elected and shall have qualified, or until his death/resignation/ceases to be a stockholder of record of at least one share of stock in the Corporation or shall have been removed in the manner hereinafter provided.

Term of Independent Director

The Independent Director shall serve for nine (9) consecutive years unless terminated otherwise due to legitimate and agreed reasons stated herein. After completion of the nine-year period, the independent director shall be ineligible for election in the same company unless the director has secured the appropriate clearance from the Insurance Commission, Securities and Exchange Commission, and other related agencies.

Vacancy

In case of any vacancy on the Board, the remaining Directors may continue to transact most business as long as there is a quorum. Any vacancy, other than the removal or expiration of term in the Board, caused by death, resignation, or disqualification, may be filled by the vote of at least a majority of the remaining Directors, if there is still a quorum; otherwise, a vacancy must be filled by the stockholders at the meeting during which the Director was removed, in accordance with the By-laws.

As to the remaining Company's Board members, in case a potential conflict of interest situation were to occur, then the Director will be asked to absent himself or herself from a particular issue under discussion.

Directors cease to hold office when they die, resign (either as a director or as an employee of JASR), or are disqualified or removed from office. A resignation is effective at the time as approved by the Board or at the time specified in the resignation, whichever is later. Directors may make a written statement to the Company about their reasons for resignation.

Succession and Selection

1. The Board may determine the applicable qualifications for selecting and assessing potential and current Directors, if necessary, and may select candidates for nomination to the Board accordingly. The Board may engage in the following activities as it deems appropriate to ensure an effective process for selecting candidates for nomination:
 - a. Work out the criteria for the selection of new Directors;
 - b. Create and maintain a Directors' Skills Sheet that would identify the necessary competencies, expertise, skills, background and qualities that are needed from potential candidates;
 - c. Make an annual review of the qualifications and scoring to determine whether any changes and improvements are needed to address any possible requirements in the skills of the existing directors;
 - d. Identify and recommend individuals qualified and suitable to become Board members, taking into consideration any possible requirements as mentioned in item 3;
 - e. Ask Human Resources to maintain a list of suitable candidates for the Board;
 - f. The Chairman shall meet with potential candidates prior to nomination to discuss the time commitments and performance expectations of the position; and

- g. Review and approve candidates selected for nomination.
- 2. An exceedingly effective Board requires its directors to have the integrity, competencies, and capabilities to carry out their fiduciary duties in the best interests of the Company and its shareholders. In order for the Directors to effectively execute their duties, they should have the requisite experience, skill, time, and commitment as required of every member in managing a complex business. Following are characteristics necessary for new candidates for nomination as well as for the existing Directors:
 - a. Has a reputation for integrity and ethical behavior;
 - b. Has demonstrated ability to exercise informed and fair judgment;
 - c. Knows how to communicate effectively;
 - d. Has a good financial knowledge;
 - e. He or she is known in their area of expertise;
 - f. Has previous experience relevant to the operations of the Company; and
 - g. Should have time to give for Board duties and responsibilities.
- 3. The Board shall not nominate any individual to stand for election who is concurrently serving as a director of a bank, trust company, or other general and life insurance company.
- 4. The Board may determine a mandatory retirement age for directors, if necessary. In case a mandatory retirement age for directors is fixed, directors shall retire at the annual meeting immediately following their mandatory retirement age. The Board may waive this as circumstances may dictate.
- 5. The term of office of a newly elected director may be specified at the Annual Meeting.

CONDUCT AND ETHICAL STANDARDS

Each member of the Board and officers of the Company recognizes the importance of adopting a standard of ethical values and conduct when and during they represent the Company in its dealings internally and externally. At all times, directors and officers shall:

- a. Always act with integrity;
- b. Exercise honesty in all transactions;
- c. Refrain from engaging in activities that may result in a conflict of interest with their duties to the Company;

- d. Be cooperative with the other directors and officers of the Company;
- e. Act with the best interests of the Corporation and avoid any behavior that may be damaging to the Board or the Corporation's reputation;
- f. Respect and acknowledge the individual roles and responsibilities of the Board, management, and even the employees;
- g. Observe and abide the letter and the spirit of the constitution, laws, regulations and any policies under which the Corporation operates.

CONFLICTS OF INTEREST

1. It is incumbent that each director discloses any conflicts of interest and abstain from participating in any discussion or voting on any matter in which they have a material personal interest without the prior approval of the Board.

Conflicts of interest include but are not limited to:

- a. Self-dealing, in which a Director causes the Corporation to enter into a transaction with another organization that benefits such Director.
 - b. Employment in other insurance brokering companies or any other institution that are viewed as competitors by the Corporation.
 - c. Family interests, such as a relative up to the third degree of affinity or consanguinity, are employed or apply for employment, or the Corporation purchases goods or services from such a relative or a firm controlled by a relative.
 - d. Receiving high-value gifts from entities that do business with the Corporation.
 - e. Showing interest in stocks or other investments in which the Corporation is invested in or is contemplating investing in.
2. Directors shall disclose any notifiable interests to the President and Corporate Secretary on the date of their appointment or upon a change to a notifiable interest.
 3. Notifiable Interest of a director means:
 - a. interests in securities of the Corporation or a related body corporate; or
 - b. interests in a contract to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver

shares in, debentures of, or interests in an investment scheme made available by the Corporation or a related body corporate.

DISCLOSURE AND TRANSPERANCY

The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that would give a fair and complete picture of the Company's financial conditions, results, and business operations.

The Company shall also fully disclose 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 judgement.

The Company shall likewise provide a clear disclosure of its policies and procedures for setting Board and executive remuneration in its Annual Corporate Governance Report.

The Company shall also disclose, as may be required by the Insurance Commission, its policies governing RPTs, as well as the material or significant RPTs reviewed and approved during the year in the Annual Corporate Governance Report.

All directors and officers are required to disclose and report to the Company any dealings in the Company's shares, if any.

The Company should make a full, fair, accurate, and timely disclosure to the public of every material fact or event that occurs, such as the acquisition or disposal of significant assets that could adversely affect the viability or the interests of its shareholders and other stakeholders. In the case of the acquisition or disposal of significant assets and the Company is the offeree-company, the Board should appoint an independent party to evaluate the fairness of the transaction price for the acquisition or disposal of assets.

To ensure the better protection of shareholders and other stakeholders' rights, full disclosure of the Company's corporate governance policies, programs, and procedures is imperative. Thus, this manual, together with the other corporate governance policies, programs, and procedures of the Company should be submitted to the regulators when required and posted on the Company's website.

CORPORATE SOCIAL RESPONSIBILITY

The Company recognizes and places an importance on Corporate Social Responsibility. Thus, through various CSR activities, the Company ensures that it promotes a mutually beneficial relationship that allows it to grow its business while contributing to the advancement of the society where it operates.

PROMOTION OF SHAREHOLDERS RIGHTS

The Company undertakes to treat all its shareholders fairly and equitably, and to protect and facilitate the exercise of their rights. The Company shall thus make sure that the shareholders are duly informed of their rights and allowed to reasonably exercise the same. These rights include, among others, the following: right to receive dividends in an equitable and timely manner; pre-emptive rights; right to inspect corporate books; right to financial statements; right to participate in decisions concerning fundamental corporate changes; right to propose the holding of meetings and to include agenda items ahead of the scheduled annual and special shareholders' meetings; right to nominate candidates to the Board; and right to notice and to participate effectively in and vote in shareholder's meetings.

The Company shall encourage active shareholder participation by sending the Notice of Annual or Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the scheduled meeting. The notice may be sent to all shareholders of record through electronic mail or in such other manner as the SEC or IC shall allow under its guidelines. The required information in the notice shall include, among others, the date, location, meeting agenda and its rationale and explanation, the details of issues to be deliberated on and approved or ratified at the meeting, the proxy documents, and such other information and documents as may be required by laws and the regulators to be included in the notice.

To further encourage shareholder participation, the Company shall make the result of the votes taken during the most recent Annual or Special Shareholders' Meeting available to the shareholders the next working day after the conduct of such meeting, by emailing to them a copy of the minutes of the meeting. In addition, the minutes shall be submitted to the Insurance Commission within five (5) business days from the conduct of the meeting.

The Board should also make available, at the option of the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. Thus, through the Corporate Secretary, shareholders shall be properly informed

of the Company's processes, procedures and remedies to address any infringement or violation of their rights. The Corporate Secretary, also acting as the Company's Investor Relations Officer, shall ensure constant shareholder engagement by receiving feedback, complaints, and queries from the shareholders, and ensuring that all necessary information regarding the annual or special stockholders' meeting and other important Company activities are properly and timely communicated to the shareholders.

Rights of Stakeholders

The Company shall clearly identify its various stakeholders and promote cooperation with them in creating wealth, growth and sustainability. Thus, the Company shall make sure that the rights of these stakeholders established by law, by contractual relations and through voluntary commitments must be respected. The Company also adopts JASR's policies and programs that provide the necessary framework, mechanism and processes to ensure the fair treatment and better protection of its stakeholders' rights. To obtain redress for the violation of their rights, the concerned stakeholders can directly communicate with the Corporate Secretary of the Company.

EMPLOYEES PARTICIPATION

The Board shall establish policies, programs, and procedures that would encourage the employees of the Company to actively participate in the realization of the Company's goals and in its governance. These policies and programs may include, among others:

1. health, safety and welfare;
2. trainings and developments; and
3. reward/compensation.

ADOPTION AND DISCLOSURE OF CORPORATE GOVERNANCE

The Company should ensure that it adopts, among others, and discloses clear policies on insider trading and abusive dealing; related party transactions and conflict of interest; customer welfare; supplier/contract selection; community interaction; anti-corruption; safeguarding creditors' rights; employee health, safety, and welfare;

PUBLIC ACCOUNTABILITY

As custodians of public funds, the Company and its intermediaries shall ensure that its dealings with the public are always conducted in a fair, honest, and equitable manner. Officers of the Company shall avoid conflicts of interest and shall not engage in any unfair or deceptive acts or conduct that constitute unfair trade practices detrimental to policyholders and claimants.

POLICY ADMINISTRATION

This Manual shall be administered by the Legal and Corporate Secretary's Office with the Board of Directors exercising oversight and guidance on how the provisions of this Manual shall be applied. This manual shall be reviewed every three (3) years to ensure that it is aligned with the laws, rules, and regulations of the regulators and the best corporate governance practices.