

ANNUAL CORPORATE GOVERNANCE REPORT OF

LIBERTY INSURANCE CORPORATION

1. For the fiscal year ended..... 2021.....
2. Certificate Authority Number..... 8370
3. Manila, Philippines
Province, Country or other jurisdiction of incorporation or organization
4. 3F JCS Building, 119 de la Rosa corner C. Palanca Jr. Streets, Legaspi Village, Makati
City 1229 Address
of principal office Postal Code
5. (02) 8819-1961 to 66
Company's telephone number, including area code
6. <https://www.libertyinsurance.com.ph>
.....
Company's official website
7.
.....
.....
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 of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	The background, experience and/or expertise of each director can be found in the Governance section of the Company's website: https://www.libertyinsurance.com.ph under the heading Profiles of Nominated Directors.
2. Board has an appropriate mix of competence and expertise	Compliant		The qualification standards for directors are stated in Section 2.2.2.1.1 of the Company's Manual on Corporate Governance (pages 3-5), which is in the Corporate Governance section of the Company's website.
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.	Compliant		

Recommendation 1.2

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p>	<p>The list of the Company's Board of Directors and Corporate Officers, which can be found among the Downloadable Documents in the Corporate Governance section of the Company's website, clearly shows that majority of the members of the Board are non-executive directors.</p> <p>The Company's SEC General Information Sheet (GIS) for 2021, which can also be found in the Corporate Governance section of the Company's website, identifies the eleven directors and the type of their directorships. (Page 4 of Liberty's GIS for 2021)</p>
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Recommendation 1.3

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p>	<p>Section 4 (Training Process), found in page 9 of the Manual on Corporate Governance, provides a policy on training of directors.</p>
<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.</p>	<p>Compliant</p>		<p>Section 4.2 of the Company's Manual on Corporate Governance (page 9) requires a newly elected director, before assuming as such, to attend a corporate governance seminar.</p>
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>		<p>The Chairman (Fernando C. Cojuangco) and eight Directors</p>

			<p>(Josefina M. Salvador, Maria Elena A. Cruz, Jaime C. Lopa, Luisita C. Bautista, Maria Ernestina C. Teopaco, Leonardo Guison III, Carol Daisy P. Velasco, and Vida T. Chiong) attended the 2021 Corporate Governance Webinar conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. via Zoom Meeting on 22 December 2021, from 1:00 P.M. to 5:00 P.M. This information will be added/uploaded to their respective profiles in the Corporate Governance section of the Company's website.</p>
Recommendation 1.4			
<p>1. Board has a policy on board diversity.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>The Board of Directors is composed of five men and six women, all of whom possess the necessary qualifications to carry out the duties and responsibilities of their office.</p> <p>While there is no written board diversity policy, through the years, the Company's Board of Directors have consistently been composed of both genders. Gender bias has never been an issue in the selection and election of directors of the Company.</p> <p>The Company's Manual on Corporate Governance is being revised to include a board diversity policy.</p>

Recommendation 1.5			
<p>1. Board is assisted by a Corporate Secretary.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p>	<p>The Company's Corporate Secretary, Mr. Eufrocino C. de la Merced Jr., is a lawyer by profession, with more than 30 years' experience as a corporate lawyer.</p> <p>The Minutes of the Organizational Meeting of the Board of Directors for 2021 include the information that Mr. de la Merced was elected Corporate Secretary. The said minutes were submitted to the Insurance Commission together with the Minutes of the Annual Stockholders' Meeting.</p> <p>Article V Section 6 of the Company's Amended By-Laws, which can be found among the Downloadable Documents in the Corporate Governance section of the Company's website, lists the duties and functions of the Secretary of the Corporation. (Page 9 of the Amended By-Laws)</p> <p>Subsection 2.3.3 of the Company's Manual on Corporate Governance (pages 7-8) enumerates the qualifications, duties, and functions of the Corporate Secretary.</p>

			<p>A new segment providing information on the Officers of the Company, including the Corporate Secretary, will be added to the Corporate Governance section of the Company's website.</p>
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		<p>Mr. de la Merced is the Company's Corporate Secretary while Mr. Addison B. Castro is the Compliance Officer.</p>
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		<p>Mr. de la Merced is not a member of the Board of Directors.</p> <p>The Company's General Information Sheet (GIS) for 2021 contains the information that Mr. de la Merced is the Corporate Secretary and is not a director of the Corporation. (Page 4 of the GIS for 2021)</p> <p>The Report on the Annual Stockholders' Meeting for 2021, which can be found in the Corporate Governance section of the Company's website, enumerates the elected Members of the Board of Directors, and confirms that Mr. de la Merced is not a director of Liberty Insurance Corporation.</p>
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training	<p>Mr. de la Merced attended the ICD's First ASEAN Corporate Governance roundtable discussion for Insurance</p>

		attended, including number of hours and topics covered	<p>Commission regulated entities through Zoom webinar on 28 July 2021, from 1:00 P.M. to 5:00 P.M.</p> <p>This information will be included in the profile of Mr. de la Merced that will be uploaded to the Company's website.</p>
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<p>Mr. Addison B. Castro is the Company's Compliance Officer.</p> <p>The Minutes of the Organizational Meeting of the Board of Directors for 2021 include the information that Mr. Castro was elected Compliance Officer. The said minutes were submitted to the Insurance Commission together with the Minutes of the Annual Stockholders' Meeting.</p> <p>Article V Section 8 of the Company's Amended By-Laws, which can be found among the Downloadable Documents in the Corporate Governance section of the Company's website, lists the duties and functions of the Compliance Officer of the Corporation. (Page 9 of the Amended By-Laws)</p> <p>Subsection 2.1.1 of the Company's Manual on Corporate Governance (page 1) enumerates the</p>

			<p>qualifications, duties, and functions of the Compliance Officer.</p> <p>A new segment providing information on the Officers of the Company, including the Compliance Officer, will be added to the Corporate Governance section of the website.</p>
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		Mr. Castro, a lawyer, is a name partner in the Gatchalian & Castro Law Office. He is an external legal counsel of Liberty Insurance Corporation.
3. Compliance Officer is not a member of the board.	Compliant		<p>Mr. Castro is not a member of the Board of Directors of Liberty Insurance Corporation.</p> <p>The Report on the Annual Stockholders' Meeting for 2021, which can be found in the Corporate Governance section of the Company's website, enumerates the Members of the Board of Directors, and confirms that Mr. Castro is not a director of Liberty Insurance Corporation.</p>
4. Compliance Officer attends training/s on corporate governance.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	Mr. Castro attended the 2021 Corporate Governance Webinar conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. via Zoom Meeting on 22

			December 2021, from 1:00 P.M. to 5:00 P.M. This information will be added to the profile of Mr. Castro in the Corporate Governance section of the Company's website.
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Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<p>The minutes of the annual stockholders' meeting and regular board meetings contain information on how the Company's directors performed their duties and responsibilities during the year.</p> <p>The Minutes of the Annual Stockholders' Meeting for 2021 are posted in the Corporate Governance Section of the Company's website.</p> <p>The minutes of the regular board meetings are collated and submitted to the Insurance Commission at the end of each year.</p>
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Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can	Subsection 2.2.1.2 of the Company's Manual on Corporate Governance (page 2) states that it shall be the board's responsibility to determine the Corporation's purpose, its vision and
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		<p>include board resolutions, minutes of meeting)</p> <p>Indicate frequency of review of business objectives and strategy</p>	<p>mission and strategies to carry out its objectives.</p> <p>The minutes of the annual stockholders' meeting and regular board meetings contain information on how the Company's directors performed their responsibility of overseeing the development, review and approval of the Company's business objectives and strategy during the year.</p> <p>The Minutes of the Annual Stockholders' Meeting for 2021 are posted in the Corporate Governance section of the Company's website.</p> <p>The minutes of the regular board meetings are collated and submitted to the Insurance Commission at the end of each year</p>
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		<p>Subsection 2.2.1.2 also indicates that the Board shall ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices. (Page 2)</p>
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	<p>The Chairman of the Board, Mr. Fernando C. Cojuangco, is a lawyer by profession. His <i>curriculum vitae</i> can be found in the Corporate</p>

			Governance section of the Company's website, under Profiles of Nominated Directors.
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Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs and its implementation	Under the Company's By-Laws, the Board of Directors have the duty to determine the manner and conditions under which employees of the corporation shall be granted pension, retirement, gratuity or life insurance protection. (Article IV, Section 6[o]) (page7) The Amended By-Laws can be found in Corporate Governance section of the Company's website.
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2. Board adopts a policy on the retirement for directors and key officers.	Compliant		<p>The succession planning and retirement policies and programs of the Company and its implementation are in the Company's Amended By-Laws, pages 4-7, which are in the Corporate Governance section of the Company's website.</p> <p>The latest Report of Independent Auditor (2020), which can also be found in the Corporate Governance section of the Company's website, includes an explanation of the Company's Retirement Benefits. (Pages 39-42)</p>
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Recommendation 2.5

1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	The Company's Manual on Corporate Governance states that the Compensation and Remuneration Committee is responsible for the establishment of a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy, and control environment. (Pages 5-6)
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		The Company's remuneration policies are in Subsection 2.2.2.2 (page 6) of the Manual on Corporate Governance.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		Under Subsection 2.2.2.2, one of the remuneration policies is to disallow any director to decide his or her own remuneration. (Page 6)
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the	The information on the Company's nomination and election policy and process and its implementation are articulated in Subsection 2.2.2.1 (pages 3-5) of the Manual on Corporate Governance.

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	shortlisted candidates and how it encourages nominations from shareholders.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	<p>Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.</p>	<p>In Subsection 6.1.2.1 of the Company's Manual of Corporate Governance, which discusses Rights of Investors/Minority Interests, it is stated that "Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code." (Page 10)</p> <p>The proof that minority stockholders have the right to nominate candidates to the board can be found in the Corporate Governance section of the Company's website under the heading Notice to Minority Stockholders.</p>
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		Subsection 2.2.2.1.1 of the Manual on Corporate Governance (pages 3-5) states that the Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with specific guidelines.
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.	Non-Compliant		The Company's Manual on Corporate Governance is being revised to include a board nomination and election policy detailing an

			assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		See Subsection 2.2.2.1.1 of the Manual on Corporate Governance (pages 3-5), which enumerates the qualifications and disqualifications of nominee directors.
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	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs Identify transactions that were approved pursuant to the policy.	Subsection 5.2 of the Manual on Corporate Governance states that "All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership." (Page 10)
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transaction	Compliant		Go to the Corporate Governance section of the Company's website and see pages 19 and 35 of the 2020 Independent Auditors' Report, which discusses related party transactions and relationships.
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
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>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Identify the Management team appointed.</p>	<p>Article IV Section 6(d) of the Amended By-Laws states that the Board of Directors shall have the power to appoint the officers, agents and employees as it may deem necessary for the proper conduct of the corporation's business. (Page 6)</p> <p>Section 8 also speaks of the Board's power to create, at its discretion, an Executive Committee that shall exercise the powers of the Board of Directors as may be delegated to it in the management and direction of the affairs of the corporation. (Page 7)</p> <p>Article V of the Amended By-Laws enumerates the officers of the corporation and the manner of their selection/appointment. (Pages 8-9)</p> <p>Subsection 2.2.1.2 of the Manual on Corporate Governance empowers the Board to install a process of selection to ensure a mix of competent directors and officers. (Page 2)</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>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p>	<p>Subsection 2.2.2.1.2 states that in consultation with the Nomination Committee, the Board shall redefine the role, duties, and responsibilities of the Chief Executive Officer by integrating the dynamic requirements</p>

		Provide information on the assessment process and indicate frequency of assessment of performance.	of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. The Manual on Corporate Governance shall be revised to include an assessment process on the performance of Management and indicate the frequency of assessment of performance.
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	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	Subsection 2.2.1.2 of the Manual on Corporate Governance enumerates that among the specific duties and functions of the Board shall be to identify key risk areas and key performance indicators and monitor these factors with due diligence. (Page 2)
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		Article IV Section 8 of the Amended By-Laws also states that the Board may, at its discretion, create an Executive Committee which shall exercise all the powers and attributes of the Board of Directors as may be lawfully delegated to it in the management direction of the affairs of the corporation. All actions of the Executive Committee shall be reported to the Board of Directors for the latter's approval at its next

			<p>meeting succeeding such action. (Page 7)</p> <p>Section 9 indicates that the Board of Directors shall have the power to create committees as may be necessary and beneficial in the operation and internal regulation of the Corporation. xxx The Board shall have the power to appoint and remove the members of such Committees at any time, with or without cause. (Pages 7-8)</p>
Recommendation 2.10			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</p>	<p>Article IV Section 6(c) of the Company's Amended By-Laws grants the Board of Directors the authority to make rules for the internal regulation of the company. (Page 5)</p> <p>Under Section 8 of the Amended By-Laws, the Board has the discretion to create an Executive Committee which shall manage and direct the affairs of the corporation. (Page 7)</p> <p>Section 9 empowers the Board to create Committees as may be necessary and beneficial in the operation and internal regulation of the Corporation. (Pages 7-8)</p>

<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members, and shareholders.</p>	<p>Compliant</p>		<p>Subsection 2.2.1.3 of the Manual on Corporate Governance (page 3) states that a director shall have the duty and responsibility to conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions and further, to ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment. (Page 3)</p> <p>Subsection 2.2.2.1.3 (page 5) explains that the Board's Nomination Committee shall consider possible conflict of interest as one of the guidelines in the determination of the number of directorships for the Board.</p> <p>Subsection 2.2.2.1.4 elaborates that the Chief Executive Officer and executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised. (Page 5)</p>
<p>3. Board approves the Internal Audit Charter</p>	<p>Non-Compliant</p>	<p>Provide reference or link to the company's Internal Audit Charter</p>	<p>Subsection 2.3.5 of the Manual on Corporate Governance (pages 8-9)</p>

			<p>states that the Board shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.</p> <p>The Audit Committee shall participate in the drafting of an internal audit charter for the Company.</p>
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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>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p>	<p>Under Subsection 2.2.1.2 of the Manual on Corporate Governance (page 2), in order to ensure a high standard of best practice for the Corporation and its stakeholders, the Board shall identify key risk areas and key performance indicators and monitor these factors with due diligence.</p>
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant		

Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	Article IV Section 6 of the Company's Amended By-Laws enumerates the duties, powers and attributes of the Board of Directors. (Pages 5-7)
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		Subsection 2.2.1 of the Manual on Corporate Governance explains the specific duties and functions of the Board of Directors and the duties and responsibilities of Directors. (Pages 2-3)
3. Board Charter is publicly available and posted on the company's website.	Compliant		The Company's Manual on Corporate Governance can be found in the Corporate Governance section of the Corporation's website.

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	<p>Subsection 2.2.2 of the Manual on Corporate Governance indicates that the Board of Directors shall constitute Committees to aid in complying with the principles of good corporate governance.</p> <p>The following Committees shall be created: a) Nomination Committee (Subsection 2.2.2.1)</p>
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			<p>b) Compensation and Remuneration Committee (Subsection 2.2.2.2)</p> <p>c) Audit Committee (Subsection 2.2.2.3) (Pages 3-7)</p> <p>Article IV Section 8 of the Company's Amended By-Laws explains the Board's authority to create an Executive Committee that shall exercise the powers of the Board of Directors as may be delegated to it in the management and direction of the affairs of the Corporation. (Page 7)</p>
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	Subsection 2.2.2.3 of the Manual on Corporate Governance discusses the creation and functions of the Audit Committee. (Pages 6-7)
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Subsection 2.2.2.3.1 explains the composition of the Audit Committee, including the qualifications of each member. (Page 6)
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	The Audit Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have

			adequate understanding at least or competence at most of the company's financial management systems and environment.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee.	The Chairman of the Board is Mr. Fernando C. Cojuangco. The Chairman of the Audit Committee is Mr. Ramon V. Ocampo. Mr. Ocampo is not the Chairman of any other Committee.
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.	Non-Compliant	Provide information or link/reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	The Company's Manual on Corporate Governance did not provide for the establishment of a Corporate Governance Committee. Now, with the requirements set forth by the ACGR, the Company will set up a Corporate Governance Committee.
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Non-Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance 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.	Non-Compliant	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions.	The Company's Manual on Corporate Governance did not provide for the establishment of a Board Risk Oversight Committee (BROC). Now, with the requirements set forth by the ACGR, the Company will set up a Board Risk Oversight Committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant	Provide information or link/reference to a document containing information on the Chairman of the BROC	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management,	Non-Compliant	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	

Recommendation 3.5

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	The Company's Manual on Corporate Governance did not provide for the establishment of a Related Party Transactions (RPT) Committee. Now, with the requirements set forth by the ACGR, the Company will set up a Related Party Transactions (RPT) Committee.
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2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Non-Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	
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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	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	In Subsection 2.2.2 (Board Committees) of the Manual on Corporate Governance, the creation of the Nomination Committee, Compensation and Remuneration Committee and Audit Committee, including the qualifications and disqualifications of its members and their duties and responsibilities, are clearly stated. (Pages 3-7)
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant		The Manual on Corporate Governance will be revised to include provisions for committee charters.
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed.	See pages 7-8 of the Company's By-Laws which can be found in the Governance Section of the Company's website. Subsection 2.2.2 of the Manual on Corporate Governance (pages 3-7) discusses Board Committees, including their composition, purposes, operations, and other relevant information.

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

<p>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.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>The Minutes of the Corporation's 2021 Annual Stockholders' Meeting and 2021 Regular Monthly Board Meetings which were conducted via remote communication (videoconferencing) were submitted to the Insurance Commission.</p> <p>The Minutes of the 2021 Annual Stockholders' Meeting can also be found in the Corporate Governance section of the Company's website.</p>
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>		<p>See the contents of the Minutes of the 2021 Virtual Meetings of the Stockholders and Board of Directors, which will confirm that the meeting materials for stockholders' and board meetings were emailed and disseminated to its participants before the dates of the meetings.</p>
<p>3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/ explanation sought by the directors.</p>	<p>The contents of the 2021 Minutes reflect the questions, clarifications and comments raised/made during the stockholders' and board meetings.</p>

Recommendation 4.2

<p>1. Non-executive directors concurrently serve as directors to a maximum of five Insurance</p>	<p>Compliant</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-</p>	<p>Subsection 2.2.2.1.3 of the Manual on Corporate Governance enumerates</p>
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<p>Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>		<p>executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	<p>the guidelines in the determination of the number of directorships for the Board. (Page 5)</p> <p>Subsection 2.2.2.1.4 states that Independent and Non-Executive Directors who serve as full-time executives in other corporations shall also submit themselves to a low indicative limit on membership in other corporate boards. (Page 5)</p>
<p>Recommendation 4.3</p>			
<p>1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p>	<p>Section 5 of the Manual on Corporate Governance (pages 9-10) discusses the Reportorial or Disclosure System of the Company's Corporate Governance Policies.</p>
<p>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</p>			
<p>Recommendation 5.1</p>			
<p>1. The Board is composed of at least 20% independent directors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board.</p>	<p>Article IV Section 1 of the Company's By-Laws states that the Board of Directors shall be eleven (11) members, at least twenty percent (20%) of which must be independent directors. (Page 4)</p>
<p>Recommendation 5.2</p>			
<p>1. The independent directors possess a necessary qualifications and none of the disqualifications to hold the position.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the qualification of independent directors</p>	<p>Article IV Section 1 of the By-Laws defines an independent director as a director independent of the</p>

			<p>management, who is neither an officer or employee of the Corporation, its parent or subsidiaries or any other person having a relationship with the Corporation, and who apart from the shareholdings in and fees received as director from the Corporation could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation. (Pages 4-5)</p>
Recommendation 5.3			
<p>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.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p>	<p>The Company complied with the provisions of IC Circular Letter No. 2018-36 on the rules on Number of Seats, Qualifications and Term Limits of Independent Directors, by naming Mr. Ramon V. Ocampo, Dr. Leonardo C. Guison III and Mrs. Vida T. Chiong as its Independent Directors. This was reflected in the Company's General Information Sheet for 2021, which can be found in the Corporate Governance section of the Company's website. For Mr. Ocampo and Dr. Guison, their maximum cumulative term limits of nine years will be reckoned from 2 January 2015. As indicated in her Profile, which can also be found in the Corporate Governance section of the</p>

			Company's website, Mrs. Chiong was first elected a Member of the Board of Directors on 28 August 2019.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	The Company intends to comply with the term limit of nine years for its two independent directors (Mr. Ocampo and Dr. Guison), whose terms will expire in 2024.
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	Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.	Should the Company retain any of its independent directors after their nine-year terms, the Board warrants that it shall submit to the Insurance Commission a formal written justification and obtain the stockholders' approval during the annual stockholders' meeting.
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer.	Mr. Fernando C. Cojuangco is the Chairman of the Board and Chief Executive Officer. However, please take note that the position of President and Chief Operating Officer is held by another individual, Mrs. Josefina M. Salvador.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.	Article V Section 2 of the Company's Amended By-Laws discusses the duties and responsibilities of the Chairman of the Board. (Page 8)

		Identify the relationship of Chairman and CEO.	Section 3 articulates the powers and duties of the President and Chief Executive Officer. (Page 8)
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	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent	The positions of Chairman & CEO (Mr. Cojuangco) and President & COO (Mrs. Salvador) are held by two different individuals. For this Company, the term CEO is just a title. The duties and responsibilities of the Chairman and the President are entirely separate and distinct. Hence, there is no need to designate a lead director.
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	Provide proof of abstention, if this was the case";	Subsection 5.2-5.5 of the Manual on Corporate Governance (page 10) speaks of all material information that must be fully disclosed. There have been no directors with a material interest in a transaction affecting the Corporation.
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	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	The Company will schedule meetings between the non-executive directors, external auditor, and heads of the internal audit when possible.

2. The meetings are chaired by the lead independent director.	Non-Compliant		
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Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

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Recommendation 6.1

1. The Board conducts an annual assessment of its performance as a whole.	Non-Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	In compliance with the ACGR, the Company will attempt to conduct the required annual assessments of the whole board, the individual members, the Chairman and the Committees regularly.
2. The performance of the Chairman is assessed annually by the Board.	Non-Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board.	Non-Compliant		
4. The performance of each committee is assessed annually by the Board.	Non-Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	

Recommendation 6.2

1. Board has in place a system that provides, at the minimum, criteria and process to	Compliant	Provide information or link/reference to a document containing information on the	Section 7 of the Manual on Corporate Governance (page 12) explains the Monitoring and Assessment
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determine the performance of the Board, individual directors and committees.		system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.	procedures to determine the results performance of the Board, the individual directors, and Committees.
2. The system allows for a feedback mechanism from the shareholders.	Compliant		Subsection 6.1.5 of the Manual on Corporate Governance (page 11) speaks of the Shareholders' Right to Information, etc., which empowers stockholders to make proposals during meetings.

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	Subsection 2.2.1 of the Manual on Corporate Governance (pages 2-3) states that compliance with the principles of good corporate governance shall start with the Board of Directors. xxx The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities. The Company has an Employee Handbook that is currently undergoing extensive updates and revisions.
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	The Employee Handbook was distributed among existing officers and employees of the Company. New employees are given a copy of

			the Employee Handbook at the start of their employment.
3. The Code is disclosed and made available to the public through the company website.	Non-Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	The Employee Handbook has not been uploaded to the Company's website as it is still undergoing extensive revisions.
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	Subsection 2.2.1.2 of the Manual on Corporate Governance (page 2) states that it is the Board's responsibility to ensure that the Corporation complies with all relevant laws, regulations, and codes of best business practices.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		Subsection 2.2.1.2 also indicates that it shall be the Board's duty and responsibility to adopt a system of internal checks and balances, identify key risk areas and key performance indicators and monitors these factors with due diligence.
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
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	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports	Go to the Corporate Governance section of the Company's website to see, among others, the Report of Independent Auditor, the General

<p>fair and complete picture of a company's financial condition, results and business operations.</p>		<p>distributed/made available to shareholders and other stockholders.</p>	<p>Information Sheet, the Agenda and Minutes of the Annual Stockholders' Meeting and the Report on Annual Stockholders' Meeting.</p>
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>Go to the Corporate Governance section of the Company's website to peruse the academic qualifications, etc. of the Members of the Board under the heading Profiles of Nominated Directors.</p> <p>The directors' share ownership in the company are listed in the General Information Sheet posted in the Governance section of the Company's website.</p> <p>The directors' shareholdings in the Corporation can also be found in the Minutes of the Annual Stockholders' Meeting, which are posted in the Governance section of the Company's website.</p>
<p>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.</p>	<p>Compliant</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>The educational background and qualifications of the Chairman of the Board, President and Treasurer of the Corporation can likewise be found in the Profiles of Nominated Directors, under the Corporate Governance section of the Company's website.</p>

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. 2.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration	Subsection 2.2.2.2.2 of the Manual on Corporate Governance enumerates the duties and responsibilities of the Compensation and Remuneration Committee, which includes, among others, the duty to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors. xxx (Page 6)
3. 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	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	Under Subsection 2.2.2.2.2 of the Manual on Corporate Governance, it is the duty of the Compensation and Remuneration Committee to designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully. (Page 6)
4. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	The Committee is required to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers. (Page 6)

Recommendation 8.5

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Compliant</p>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>The 2020 Report of Independent Auditor, which can be found in the Corporate Governance section of the Company's website, discusses the Company's policies concerning related party transactions and relationships on pages 19 and 35.</p>
<p>2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.</p> <p>3.</p>	<p>Compliant</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of transaction; 5. Amount or contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. Other terms and conditions. 	<p>See pages 19 and 35 of the Report of Independent Auditor for 2020 for information on all RPTs for the year.</p>
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>Provide link to the company's website where the Manual on Corporate Governance is po</p>	<p>Go to:</p> <p>https://www.libertyinsurance.com.ph</p>

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2. Company's MCG is posted on its company website.	Compliant		The Manual on Corporate Governance can be found in the Corporate Governance section of the Company's website.

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

3. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	Subsection 2.3.4.1 of the Manual on Corporate Governance (page 8) states that an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.
4. 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	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	See the Corporate Governance section of the Company's website and find the Agenda and Minutes of the Annual Stockholders' Meeting, which reported on the unanimous agreement of the stockholders to appoint Reyes Tacandong & Co. as the Corporation's External Auditor.
5. 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	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	Subsection 2.3.4.2 of the Manual on Corporate Governance (page 8), discusses the reasons for the resignation, dismissal or cessation of service of the External Auditor and the reporting thereof in the Company's annual and current reports.

Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	Provide link/reference to the company's Audit Committee Charter	Subsection 2.2.2.3.2 of the Manual on Corporate Governance enumerates the duties and responsibilities of the Audit Committee (page 7).
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	Provide reference to the company's Audit Committee Charter.	
Recommendation 9.3			
<p>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.</p>	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	Subsection 2.3.4.3 of the Manual on Corporate Governance (page 8) states that the external auditor of the Company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not conflict with the functions of the external auditor.

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	Provide link or reference to guidelines or policies on non-audit services.	Subsection 2.2.2.3.2 (page 7) relates that the Board has the duty to perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal, and other risks of the Corporation, and crisis management.
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.

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	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	Subsection 5.2 of the Manual on Corporate Governance (page 10) articulates that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used.	Subsection 5.3 states that all disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	Go to: https://www.libertyinsurance.com.ph
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system.	Subsection 2.3.5.1 of the Manual on Corporate Governance (pages 8-9) relates that the Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Identify international framework used for Enterprise Risk Management	Subsection 2.2.1.2 (page 2) states that the Board shall have the duty to identify key risk areas and key

		<p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the Compliant Company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>performance indicators and monitor these factors with due diligence.</p>
Recommendation 12.2			
<p>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.</p>	Compliant	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p>The Company's internal audit is in-house.</p>
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p> <ol style="list-style-type: none"> i. Executive (CAE) appointed by the Board. 	Compliant	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	<p>The Company's Chief Audit Executive (CAE) is Maria Fe G. Liwag.</p>
<p>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.</p>	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.	Not Applicable	Identify qualified independent executive or senior management personnel, if applicable.	
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Recommendation 12.4

1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.	Under Subsection 2.2.1.2 of the Manual on Corporate Governance, (page 2) one of the specific duties and functions of the Board of Directors is to identify key risk areas and key performance indicators and monitor these factors with due diligence.
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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).	Non-Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	In compliance with the ACGR, the Company will designate a Chief Risk Officer (CRO).
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	Section 6 of the Manual on Corporate Governance (pages 10-12) discusses shareholders' rights and benefits.
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Recommendation 13.2

<p>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,</p>	<p>Compliant</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement.</p>	<p>Go to the Corporate Governance section of the Company's website and see the 2021 Notice of Annual Meeting of Stockholders & Proxy Forms, which reflects that the Notice, dated and uploaded on 28 June 2021, was sent out at least 21 days before the Annual Stockholders' Meeting scheduled on 21 July 2021.</p> <p>The Agenda was attached to the Notice of Annual Meeting of Stockholders & Proxy Forms.</p> <p>The Agenda could also be found in the Corporate Governance section of the Company's website under the heading Agenda & Minutes of Annual Stockholders' Meeting.</p>
<p>Recommendation 13.3</p>			
<p>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.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>The Agenda & Minutes of Annual Stockholders' Meeting contains the questions and answers articulated during the ASM and the results of the vote taken during the most recent ASM/SSM.</p>
<p>Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p>	<p>Go to:</p> <p>https://www.libertyinsurance.com.ph</p>

		<p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p>	<p>and find the Agenda & Minutes of the ASM in the Corporate Governance section of the Company's website.</p> <p>The Minutes include the voting results for all agenda items, including the approving, dissenting, and abstaining votes.</p> <p>Voting on resolutions were done by poll and stockholders were given the opportunity to ask questions, if any.</p> <p>See also the Report of ASM which is uploaded to the Company's website the day after the annual stockholders' meeting.</p>
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Recommendation 13.4

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	The Board will participate in the drafting of an alternative dispute resolution mechanism that will be added to the Manual on Corporate Governance.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance	

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation	Compliant	Identify the company's shareholder and provide information or reference to a	Under Subsection 2.2.1.2 of the Manual on Corporate Governance, it
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<p>between them and the company in creating wealth, growth and sustainability.</p>		<p>document containing information on the company's policies and programs for its stakeholders.</p>	<p>shall be the responsibility of the Board of Directors to identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.</p> <p>Subsection 6.1 explains the rights and benefits of shareholders and investors.</p>
<p>Recommendation 14.2</p>			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>Subsection 6.1 identifies the policies and mechanisms followed to ensure the fair treatment of the Company's stakeholders.</p>
<p>Recommendation 14.3</p>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>Go to the Corporate Governance section of the Company's website and find the heading Notice to Minority Stockholders, which provides the Company's pertinent email address.</p> <p>The Company's website also has a Contact Us section where all the Company's Contact Information are listed.</p>

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

<p>Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation</p>	<p>The Company's Employee Handbook states that "one of Human Resources' main task is to ensure that the employee's welfare, needs, and concerns are properly addressed in order that set performance levels are maintained, if not surpassed, at all times. In line with this, it is paramount that: 1) employees are timely and properly informed of what is going on in the company; 2) communication lines are kept open between them and management; 3) their safety, security, and well-being, in and around their work premises, are assured; and, 4) they are properly motivated."</p>
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Recommendation 15.2

<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Non-Compliant</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p>	<p>The Employee Handbook is being revised to include an anti-corruption policy and program.</p>
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Non-Compliant</p>	<p>Identify how the board disseminated the policy and program to employees across the organization</p>	

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	Non-Compliant	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	The Employee Handbook will be revised to include a whistle-blowing policy and procedure.
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.	Non-Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Non-Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

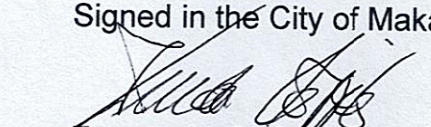
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p> <p>2.</p>	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	<p>The Company's Employee Handbook has a provision on Community Relations, which discusses the following:</p> <p>A. Outreach Program - through the "Kalinga ng Liberty" (just</p>
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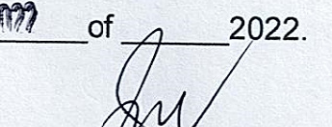
			<p>an example), a volunteer group from the employees' ranks, and in coordination with the parish priest or barangay captain, the program extends medical assistance and donates gifts and food items to residents of less fortunate communities/organizations. This is done twice a year.</p> <p>B. Other Community Assistance Programs - these are programs outside of the semi-annual outreach program which the company also provides either directly or through government, civic, or religious organizations.</p> <p>Go also to the Events section of the website to see the Company's community involvement and environment-related programs.</p>
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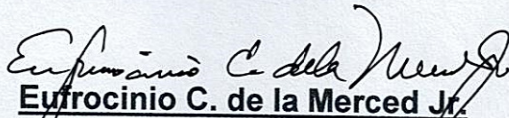
CERTIFICATION

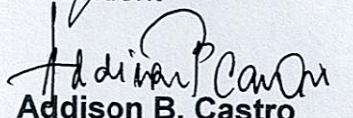
The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.


Signed in the City of Makati on the JUN 02 2022 of 2022.

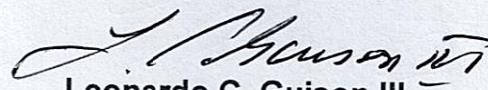

Fernando C. Cojuangco
Chairman of the Board



Josefina M. Salvador
President


Eufrocino C. de la Merced Jr.
Corporate Secretary


Addison B. Castro
Corporate Governance-
Compliance Officer


Ramon V. Ocampo
Independent Director

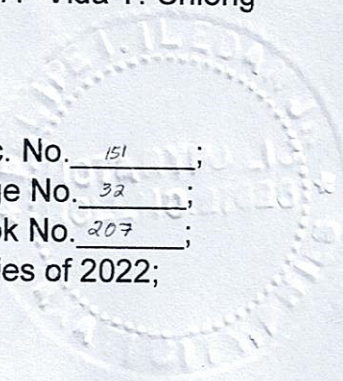

Leonardo C. Guison III
Independent Director

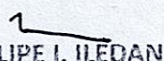

Vida T. Chiong
Independent Director

SUBSCRIBED AND SWORN to before me this JUN 02 2022 day of _____, 2022, by the following who we are all personally known to me and exhibited to me their respective identification document as follow:

Name	T. I. N	Date/Place Issued
1. Fernando C. Cojuangco	104-174-957-000	
2. Josefina M. Salvador	100-304-777-000	
3. Eufrocino C. de la Merced Jr.	104-175-222-000	
4. Addison B. Castro	107-447-295-000	
5. Ramon V. Ocampo	127-599-773-000	
6. Leonardo C. Giuson III	106-175-396-000	
7. Vida T. Chiong	101-107-760-000	

Doc. No. 151 ;
Page No. 32 ;
Book No. 207 ;
Series of 2022;




FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Roll No. 27625, TIN 136897808
412, 4th Flr. VGP Center, Ayala, Makati CIt,
2022 PTR No. MLA 0097542
IBP No. 119432, 06/17/2020
MCLE Compliance No. VI-0012066