

ANNUAL GOVERNANCE REPORT INTRASTRATA ASSURANCE CORPORATION

1. For the fiscal year ended 2020
2. Certificate Authority: Number 2019/89-R
3. Province, Country or other jurisdiction of incorporation or organization: Philippines
4. 8th Flr. 88 Corporate Center Sedeño Cor. Valero Sts. Salcedo Village, Makati City.
5. (632)817-30-31 to 34.
6. www.intrastrata.com

ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
THE BOARD'S GOVERNANCE AND RESPONSIBILITIES			
Principle1: The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interest of its shareholders and other stakeholders.			
RECOMMENDATION1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to company's industry/sector.	Compliant	Reference:2020 Annual Report ISAC Board of Directors Profile page2	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill the irroles and responsibilities and respond to the needs of the organization.	Compliant		
RECOMMENDATION1.2			
1. Board is composed of a majority of non-executive Directors.	Compliant	Reference: 2020 GENERAL INFORMATION SHEET The Board of Directors of ISAC for the year 2020 is composed of 9 members,2 are Executive Directors, 2 are Independent Directors And 5 are non-executive directors.	
RECOMMENDATION1.3			
1. Company provides in its Board Charter or Manual On Corporate Governance a policy on training of directors.	Compliant	Reference: Manual on Corporate Governance Art.3 Sec.C.7 and C.8	

		“Must have attended a special seminar on corporate governance conducted by a training provider accredited by the Insurance Commission”	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	“Members of the Board of Directors must have appropriate skills upon appointment, keep abreast of all laws, regulations and changing commercial landscapes by availing in-house training and external courses and seminars	
3. Company has relevant annual continuing training for all directors.	Non-Compliant	The orientation program for first-time directors and continuous training for all directors aim to promote effective board performance and qualification of the directors in fulfilling their duties and responsibilities.	The company is still in the process of crafting a module to be used for training its directors expected date of compliance June 2022
RECOMMENDATION 1.4			
1. Board has a policy on board diversity.	Compliant	Reference: Board Diversity Policy The 2020 Board of Directors of ISAC is composed of 7 male directors and 2 female directors. As of January 1, 2021, the Board of Directors of ISAC elected a new President in the person of Atty. Aurora Rosario A. Oreta Reference : 2020 and 2021 General Information Sheet	
RECOMMENDATION 1.5			
1. Board is assisted in its duties by a Corporate	Compliant	Reference: ISAC By-Laws, Corporate	

Secretary.		Governance Manual VI.5, VI.5A, VI.5.B pages	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Reference:2020 General Information Sheet page , The Compliance Officer of ISAC is Ms. Dolores Apostol.	Target date to be included in the agenda of the Board Directors meeting this December 2021
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant	The Corporate Secretary of ISAC is Atty. Eldrige Marvin Acheron, he is a member of the Board of Directors of ISAC	
4. Corporate Secretary attends training/s on corporate governance.	Non-Compliant	The corporate secretary of ISAC is Atty. Eldrige Marvin Acheron, he has extensive knowledge of corporate laws and procedure as shown by his curriculum vitae please see 2020 Annual Report	Target date of compliance June 2022
RECOMMENDATION1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Reference: Manual on Corporate Governance Art.VI.2 page Compliance Officer The Chairman of the Board shall designate a Compliance	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Officer who shall hold at least the position of Vice President or its equivalent. He/She shall report directly to the Chairman of the Board and shall ensure the adherence to the Corporate Governance Manual.	
3. Compliance Officer is not a member of the board.	Compliant	Ms. Ma. Dolores Apostol is the compliance officer of ISAC with a rank of Vice President Reference: 2020 Annual Report, 2020 General Information Sheet	

4. Compliance Officer attends training/s on corporate governance annually.	Compliant	Ma. Dolores Apostol, the Compliance Officer, with the rank of Vice President, she attended the Corporate Governance Orientation Program on December8-9, 2020 (8hours)at the Institute of Corporate Directors	
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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.

RECOMMENDATION2.1

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	Reference : CORPORATE GOVERNANCE MANUAL Art.III (1.3) Directors shall 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 interest of all stockholders. He shall also give due regard to the rights and interests of other stakeholders	
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RECOMMENDATION2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	REFERENCE : CORPORATE GOVERNANCE MANUAL Art.III H.8,to,H.10	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant	<p>H.8.“Oversee the conduct of the company's business to ensure that the business is being properly managed and dealings with policyholders, claimants and creditors are fair and equitable”;</p> <p>H.9.Identify principal business risks and ensure the implementation of appropriate risk management systems to specifically manage the underwriting, reinsurance, investment, financial, and operational risks of the company”;</p> <p>H.10. Approve corporate polices in core areas of operations, specifically underwriting, investments, reinsurance and claims management”;</p> <p>During the 2020 Board meeting, the President's Report is presented to the Board wherein the Financial and Operating Performance and Business Updates were discussed.</p> <p>Reference : November 15, 2020 Board Agenda:</p> <p>The frequency of review of business objectives And strategy of the Board of Directors is a continuing process and is always included in the agenda/discussion during Board Meetings</p>	

RECOMMENDATION2.3

1. Board is headed by a competent and qualified Chairperson	Compliant	<p>Reference:2020 Annual Report Board of Directors Profile of ISAC page <u>3</u></p> <p>Antolin M. Oreta Jr.is the Chairman of the Board of ISAC he is qualified and competent officer of the company</p>	
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RECOMMENDATION2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Non-Compliant		The company is still in the process of drafting the Succession Planning and Retirement Policies and Programs target date to be completed and to be included on the agenda of the Board of Directors meeting on June 2022
2. Board adopts a policy on the retirement for Directors and key officers.	Non-Compliant	ISAC has an existing retirement plan for all its employees and officers but the members of the board of directors are not included in the said plan Reference : ISAC retirement plan	
RECOMMENDATION2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Non-Compliant		The company is still in the process of drafting a policy for remuneration and performance of key officers and board members. Targeted to be completed and to be included on the agenda of the Board of Directors meeting on June2022
2. Board aligns the remuneration of key officers and board members with long term interests of the company	Non-Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Non-Compliant		
RECOMMENDATION2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Reference : Corporate Governance Manual Art.III B; Art. III Sec.1 By Laws of ISAC; and Charter of the Board of Directors Sec.3.1,3.2,3.3 The information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders are indicated in the Corporate Governance Manual and Charter of the Board of Directors	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes How the company accepts nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		
5. 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 adoption of a system or process for assessment of its nomination, election process is still being finalize target date of compliance June 2022

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Non-Compliant		The adoption of a system or process in identifying the quality of directors that is aligned with the strategic direction of the company is still being finalized target date of compliance June 2022
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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 in frequently occurring transactions.	Compliant	<p>Reference: Corporate Governance Manual Art.IX Related Party Transactions:</p> <p>a. The overlapping interests in the insurance entity shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.</p> <p>b. All related party transaction shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the insurance corporation, its policyholders, creditors and claimants. In all cases, the provision of Title 20, Chapter III of the Insurance Code shall be complied with</p> <p>c. All related party transactions shall be disclosed fully to the Board. Prior Board approval shall be obtained for related party transactions that are material in nature</p> <p>Reference : See Related Party Transactions Policy of ISAC</p>	
2. RPT policy includes appropriate review and approval of material IRPT's, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

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RECOMMENDATION2.8

<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>Reference: By-Laws of ISAC Art.VI Sec.1 ; Corporate Governance Manual; Board of Directors and Executive Officers Profile; Charter of the Board of Directors</p>	
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		<p>The 2020 Management team appointed are as follows:</p> <p>President: Elias C. Garcia</p> <p>Treasurer: Atty. Aurora Rosario A. Oreta</p> <p>Vice President/Compliance Officer: Ma. Dolores Apostol</p> <p>Fire Underwriting: AVP Arnulfo Cruz</p> <p>Bonds : Atty.Rodrigo S. de Real, Jr</p> <p>Internal Auditor: Sammy Pastor</p> <p>Human Resources: Lougina Eusebio</p> <p>Note: ISAC has new President in the person of Atty. Aurora Rosario A. Oreta, she assumed the position last January 1, 2021</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>Non-Compliant</p>	<p>Reference: Charter of the Board of Directors (Sec.4.1.g 4.1g The Board is primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive</p> <p>Reference : Manual on Corporate Governance of ISAC Art.III H.4</p> <p>H.4) Monitor and assess the performance of management through a comprehensive and reliable financial reporting system;</p>	<p>The Board is still in the process of drafting the performance assessment policy framework Target date of compliance: June2022</p>
RECOMMENDATION2.9			
<p>1. Board establishes an effective performance management frame work that ensures that Management, including the Chief Executive Officer performance is at par with the standards Set by the Board and Senior Management.</p>	<p>Non- Compliant</p>	<p>Reference: Board of Directors Charter (Section4: Responsibilities of The Board; 1.g and h,Page3)</p>	<p>The Board is still in the process of drafting the performance assessment policy framework Target date of compliance: June2022</p>

2. Board establishes an effective performance management frame work that ensures that personnel’s performance is at par with the standards set by the Board and Senior Management.	Non- Compliant		The Board is still in the process of drafting the performance assessment policy framework Target date of compliance: June 2022
RECOMMENDATION2.10			
1. Board oversees that an appropriate internal control system is in place.	Non-Compliant		The Board is still working on the internal control system framework Target date of compliance June 2022
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Non-Compliant		The Board is still working on the internal control system framework Target date of compliance June 2022
3. Board approves the Internal Audit Charter.	Non-Compliant		The Board is still working on the Internal Audit Charter Target date of compliance June 2022
RECOMMENDATION2.11			
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.	Non-Compliant	Reference: Board of Directors Charter Sec.4j A sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management	The Board is still working on the enterprise risk management framework Target date of compliance June 2022
2. The risk management frame work guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	NON- COMPLIANT	framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies	The Board is still working on the enterprise risk management framework Target date of compliance June 2022
RECOMMENDATION2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Reference: Board of Directors Charter ISAC website: www.intrastrata.com	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Reference: Board of Directors Charter ISAC website: www.intrastrata.com	
3. Board Charter is publicly available and posted on the company's website.	Compliant		

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.

RECOMMENDATION3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities	Non-Compliant		The Board is still in the process of establishing different board committees Target Date of Compliance: December 2021
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RECOMMENDATION3.2

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.	Non-Compliant	Reference: Corporate Governance Manual Art.IV.2	The Board is still in the process of establishing an Audit Committee Target Date of compliance : December 2021
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman's independent.	Non-Compliant		The Board is still in the process of establishing an Audit Committee Target date of compliance December 2021

3. All members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Non-Compliant		The Board is still in the process of establishing an Audit Committee Target date of compliance December 2021
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-Compliant		The Board is still in the process of establishing an Audit Committee Target date compliance December 2021
RECOMMENDATION3.3			
3. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Non-Compliant		The Board is still in the process of establishing a Corporate Governance t Committee Target date of compliance : December 2021
4. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant		The Board is still in the process of establishing a Corporate Governance t Committee Target date of compliance : December 2021

RECOMMENDATION3.4			
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		The Board is still in the process of establishing a Board Risk Oversight Committee Target date of compliance: December 2021
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		The Board is still in the process of establishing a Board Risk Oversight Committee Target date of compliance: December 2021
3. The Chairman of the BROC is not the Chairman of the Board or any of other committee.	Non-Compliant		The Board is still in the process of establishing a Board Risk Oversight Committee Target date of compliance December 2021
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		The Board is still in the process of establishing a Board Risk Oversight Committee Target date of compliance December 2021
RECOMMENDATION3.5			
1. The Board establishes a Related Party Transaction (RPT) Committee, which is tasked with reviewing all material related party transactions of the company	Non-Compliant		The Board is still in the process of establishing a Related Party Transaction Committee Target date of compliance : December 2021

2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Non-Compliant		The Board is still in the process of establishing a Related Party Transaction Committee Target date of compliance : December 2021
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RECOMMENDATION3.6

1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information	Non-Compliant		The Board is still in the process of drafting the charters for different committees Target date of compliance : June 2022
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant		The Board is still in the process of drafting the charters for different committees Target Date of compliance : June 2022
3. Committee Charters were fully disclosed on the company's website.	Non-Compliant		The Board is still in the process of drafting the charters for different committees Target Date of compliance : June 2022

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

RECOMMENDATION4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele/video conferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Reference: Minutes of the Board of Directors Meeting December 16, 2020	
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2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Reference: Charter of the Board of Directors Sec.7.g Board materials for board of directors meetings shall be provided to the members five (5) days in advance, and in case of additional items two (2) days. Materials for Board and Board committee meetings shall be uploaded through a secure system onto individual tablet devices specifically provided to the Board members to ensure immediate receipt and quick access.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Reference: Minutes of the Board of Directors Meeting for 2020	

RECOMMENDATION 4.2

1. Non-executive directors concurrently serve as directors to a maximum of five (5) Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	Reference: Corporate Governance Manual Art.III Sec.F and Charter of the Board of Directors Sec. 10.1.a; 10.1.b; and 10.1.c F. Multiple Board Seats a) All directors shall exercise due discretion in accepting and holding directorships outside of the Company. A director may hold any number of directorships outside of the Company provided that, in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of the company; b) The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the company. 10.1.c. Members of the Board of Directors may concurrently serve as directors to a maximum of five(5)Insurance Commission Regulated Entities(ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company	
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RECOMMENDATION4.3

1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	Reference: Charter of the Board of Directors Sec10.1.d As of this time not applicable as no new or pending/incoming appointments for incumbent directors in another company	
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Principle5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

RECOMMENDATION5.1

1. The Board is composed of at least twenty percent (20%) independent directors.	COMPLIANT	Reference: Articles of Incorporation Art.6; By-Laws Art. Sec 1; Corporate Governance Manual III B; Charter of the Board of Directors Sec.2; 2020 General Information Sheet of ISAC B. Composition of the Board The Board of Directors of the Company is made up of eleven (11) directors who shall be elected by the stockholders at a regular or special meeting called for that purpose, they shall hold office for one (1) year until their successors are elected and qualified in accordance with the By-Laws of the company. Pursuant to the legal requirement of the Insurance Commission, Members of the Board of Directors must be composed of at least percent(20%) independent directors. The2020 Board of Directors of ISAC iscomposedof9members,2areindependent Directors in compliance with the 20% requirement of Insurance Commission	
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RECOMMENDATION5.2

1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.

COMPLIANT

Reference: Corporate Governance Manual Art.III Sec.E.1i; to Art.III Sec.E.1.iii, Art.III Sec.E.2.i to E.2.iv; 2020 Annual Report Board of Directors profile

Qualification of Independent Directors

E.1. The Independent Directors of the Company shall have the following qualifications:

- i. An independent shall be one who has not 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;
- ii. He is not related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or majority stockholder of the company or any of its related companies;
- iii. He is not a director or officer of the related companies of the institution's majority stockholders;
- iv. He is not a majority stockholder of the company, any of its related companies, or of its majority shareholder;
- v. He is not acting as nominee or representative of any director or substantial stockholder of the company, any of its related companies, or any of its substantial stockholders; and
- vi. He is free from any business or other relationships with the institution or any of its major stockholders which could materially interfere with the exercise of his judgment, i.e., has not engaged and does not engaged in any transaction with the institution, or any of its related companies or any of its substantial stockholders, whether by himself or with other persons or through a form which he is partner.

E.2. Disqualification Independent Directors

- i.The Independent Directors shall likewise be disqualified during his tenure under the following instances:
- ii. He becomes an officer or employee of the Company or he becomes any of the persons enumerated under Disqualification for Directors of this Corporate Governance Manual;

		<p>iii. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Company, and;</p> <p>iv. Such other disqualifications which this Manual of Governance provides.</p>	
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RECOMMENDATION 5.3

<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>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..</p> <p>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>Reference: 2020 and 2021 General Information Sheet; 2020 Annual Report</p> <p>The Independent Directors of ISAC and the date they assumed the position:</p> <ol style="list-style-type: none"> 1. Benjamin Espiritu—from January 1, 2015 the term will end on January 2024 2. Ramon K. Ngo – from January 1, 2015 – the term will end on January 1, 2024 	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Reference: Corporate Governance Manual Art.III Sec.E.3</p> <p>Term Limits of Independent Director:</p> <ol style="list-style-type: none"> i. An Independent Director shall serve for a maximum cumulative term of nine (9) years ii. An Independent Director who served the maximum period shall be perpetually barred for many re-election in the company but may continue therein as a non-independent director iii. However, if the company desires to continue the services of an Independent 	

		<p>Director who had already served his/her maximum term limit, said Independent Director, as an exception, may still continue to act as such provided that the company submits to the Insurance Commission a formal written justification and must, in addition thereto, acquire the majority of the shareholders' approval during the annual meeting.</p> <p>For current IDs, commencement date shall be counted from January 2, 2015, per Insurance Circular 49-2014.</p>	
3. In the instance that the company retains an independent director in the same capacity after nine (9) years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	Compliant	To date, no Independent Director has been retained in the same capacity after serving the term limit, as provided for by IC regulations.	
RECOMMENDATION 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	<p>Reference: 2020 and 2021 General Information Sheet</p> <p>For the year 2020 the Chairman of the Board is Mr. Antolin M. Oreta while the President is Atty. Elias C. Garcia</p> <p>Note: For the Year 2021 ISAC has a new President in the person of Atty. Aurora Rosario A. Oreta</p>	For the Year 2021 ISAC has a new President in the person of Atty. Aurora Rosario A. Oreta
2. The Chairman of the Board and Chief Executive Officer has clearly defined responsibilities.	COMPLIANT	<p>Reference: Corporate Governance Manual Art. III. B; Charter of the Board of Directors Sec.5.b.</p> <p>The Chairman of the Board shall be a non-executive director. In addition to the duties provided in the By-Laws of the Company, the responsibilities of the Chairman in relation to the Board shall include the following:</p> <p>1.To ensure that the meetings of the Board are held in accordance with the By-Laws of the Company;</p>	

		<p>2.To supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Directors and Management;</p> <p>3.To maintain qualitative and timely line of communication and information between the Board and Management.</p> <p>Art. VI.1 Duties and Responsibilities of the President</p> <p>The President shall be in charge of the management and administration of the business operations, affairs and properties of the Company. He shall ensure that all resolutions of the Board are carried into effect and see that the business and affairs of the Company are managed in a sound and prudent manner. He shall ensure the reliability and integrity of financial and operational information and effectiveness, as well as, the efficiency of operations.</p>	
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 or among the independent directors.	Non-Compliant	The Chairman of the Board is not an Independent Director.	This matter will be included in the agenda of the Board of Directors meeting on December 2021
RECOMMENDATION 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberation for the same	Compliant	No material interest transactions involving Directors affecting the corporation for 2020 or previous years.	
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		The framework for adoption of periodic meetings by non-executive directors is still being finalized : Target date to comply is December 2021

2. The meetings are chaired by the lead independent director.	Non-Compliant		<p>The framework for adoption of periodic meetings by non-executive directors is still being finalize :</p> <p>Target date to comply is December 2021.</p>
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Principle 6: The best measure of the Board's effectiveness through an assessment process, The Board s regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies

RECOMMENDATION6.1

1. The Board conducts an annual assessment of its performance as a whole.	Non-Compliant		<p>The framework for adoption of annual assessment of the Board of Directors is still being drafted.</p> <p>Target date to comply is June 2022</p>
2. The performance of the Chairman is assessed annually by the Board.	Non-Compliant		<p>The framework for adoption of annual assessment of Chairman of the Board is still being drafted.</p> <p>Target date to comply is June 2022</p>
3. The performance of the individual member of the Board is assessed annually by the Board.	Non-Compliant		<p>The framework for adoption of annual assessment of the members of the Board of Directors is still being drafted.</p> <p>Target date to comply is June 2022</p>
1. The performance of each committee is assessed Annually by the Board.	Non-Compliant		<p>The framework for adoption of annual assessment of different committees is still being drafted.</p> <p>Target date to comply is June 2022</p>
2. Every three (3) years, the assessments are supported by an external facilitator.	Non-Compliant		<p>The framework for adoption of annual assessment is still being drafted.</p> <p>Target date to comply is June 2022</p>

RECOMMENDATION6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-Compliant		The framework in assessing the Board, individual directors and committees is still being drafted Target Date to comply June2022
2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant		The system that allows feedback mechanism from shareholders s still being drafted Target Date to comply June 2022

Principle7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

RECOMMENDATION7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behaviour, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Non-COMPLIANT		The framework for adoption by the Board Directors of Code of Business Conduct and Ethics is still being drafted Target date of compliance June 2022
2. The Code is properly disseminated to the Board, senior management and employees.	Non-COMPLIANT		The framework for adoption by the Board Directors of Code of Business Conduct and Ethics is still being drafted Target date of compliance June 2022
3. The Code is disclosed and made available to the public through the company website.	Non-COMPLIANT		The framework for adoption by the Board Directors of Code of Business Conduct and Ethics is still being drafted Target date of compliance June 2022

RECOMMENDATION7.2

1. Board ensures the proper and efficient implementation and monitoring with the Code of Business Conduct and Ethics.	Non-COMPLIANT		The framework for adoption by the Board Directors of Code of Business Conduct and Ethics is still being drafted Target date of compliance June 2022
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies	Non-COMPLIANT		The framework for adoption by the Board Directors of Code of Business Conduct and Ethics is still being drafted Target date of compliance June 2022

DISCLOSURE AND TRANSPARENCY

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 fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Reference : ISAC Disclosure Policy 2020 Annual Report; 2020 and 2021 General Information Sheet ; 2020 Annual Statement	
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RECOMMENDATION 8.3

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,	COMPLIANT	Reference : 2020 ; 2021 General Information Sheet The share ownership in the company can be found in the GIS 2020 Annual Report	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Hiring of Executives are presented to the Board for their approval. All Executives are required to submit and accomplish the Personal Data Sheet Form to Human Resources Department	

RECOMMENDATION 8.4

1. Company provides a clear disclosure of its policies and procedures 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 in the Revised Corporation Code.	NON-COMPLIANT		The policies and procedures are still for discussion and creation. Target Date: June 2022
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2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and in the Revised Corporation Code.	NON-COMPLIANT		The policies and procedures are still for discussion and creation. Target Date: June 2022
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		The policies and procedures are still for discussion and creation. Target Date: June 2022
RECOMMENDATION8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or in frequently occurring transactions.	Compliant	Reference: ISAC Related Party Transaction Policy; Corporate Governance Manual ; Charter of the Board of Directors	
2. Company discloses material or significant RPTs in the Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders' in the annual stockholders' meeting during the year.	COMPLIANT	Reference: 2020 Annual Financial Statement	
RECOMMENDATION8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Reference: Corporate Governance Manual of ISAC T The Corporate Governance Manual is posted in ISAC website	
2. Company's MCG is posted in its company website.	COMPLIANT		

<p>Principle9: 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.</p>			
<p>RECOMMENDATION9.1</p>			
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Non-Compliant</p>		<p>The framework and system policy of the Audit Committee is still being drafted</p> <p>Target date of compliance : June 2022</p>
<p>2. The appointment, reappointment removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Non-Compliant</p>		<p>The framework and system policy of the Audit Committee is still being drafted</p> <p>Target Date of compliance December 2021</p>
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Non-Compliant</p>	<p>No removal of external auditor done in 2020.Should the situations arise, proper disclosure will be done.</p>	<p>The framework and system policy of the Audit Committee is still being drafted</p> <p>Target Date of compliance December 2021</p>

RECOMMENDATION9.2			
<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. 	Non-Compliant		<p>The Audit Committee Charter framework and system policy is still being drafted</p> <p>Target Date of compliance: June 2022</p>
<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>	Non-Compliant		<p>The Audit Committee Charter framework and system policy is still being drafted</p> <p>Target Date of compliance : June 2022</p>
RECOMMENDATION9.3			
<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>	Non-Compliant		<p>The Audit Committee framework and system policy is still being drafted</p> <p>Target Date : June 2022</p>
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be reviewed as impairing the external auditor's objectivity.</p>	Non-Compliant		<p>The Audit Committee Charter framework and system policy is still being drafted</p> <p>Target Date : June 2022</p>

Principle10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

RECOMMENDATION10.1

<p>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 under pin sustainability.</p>	<p>Compliant</p>	<p>Reference: Corporate Governance Manual Art.VII.</p> <p>VII. DISCLOSURE AND TRANSPARENCY</p> <p>a) The Board shall commit to fully disclose all material information and dealings. It shall cause the filing of all required information for the interest of the stakeholders. All material information may include: earnings, results, acquisition or disposition of assets, board changes, related party transactions, shareholdings of directors, changes in ownership, remuneration of all directors and senior management, corporate strategy, and off balance sheet transactions.</p> <p>b) The process of risk management and the overall results of risk assessments should be appropriately disclosed in a transparent and understandable fashion. Disclosure of risk factors should identify those most relevant to the company's strategy.</p> <p>All such information should be disclosed through approved regulatory procedure for company announcement as well as through annual report.</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Non-Compliant</p>		<p>The development of a framework for reporting sustainability and non-financial issues is targeted to be completed on June 2022</p>

Principle11: 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..

RECOMMENDATION11.1

1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of dissemination information to the public.	Compliant	ISAC website (www.intrastrata.com)	
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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 control system and enterprise risk management framework.

RECOMMENDATION12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Non-Compliant		The internal control system of the company is still being finalized target date of completion: June 2022 work
1. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-Compliant		The enterprise risk management framework of the company is still being finalized target date of completion is June 2022

RECOMMENDATION12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Non-Compliant		The system for independent internal audit function of the company is still being finalize target date of compliance: June 2022

RECOMMENDATION12.3			
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1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		The company at present has an Audit Officer in the person of Sammy Pastor but his position is only Managerial level, target date of compliance if June 2022
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.	Non-Compliant		Target date of compliance is June 2022 as the Board is still looking for suitable person for the job
1. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-Compliant	The internal audit activity of the company is not outsourced. The company has an internal auditor in the person Sammy Pastor and he is assisted by the Accounting Department of the company	Target date of compliance is June 2022 as the Board is still looking for suitable person for the job

RECOMMENDATION12.4

1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-compliant		The system for risk management function of the company is still being finalize target date of compliance is June 2022
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RECOMMENDATION12.5

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		The company is still looking for suitable person to be its Chief Risk Officer and head of its enterprise risk management target date of compliance is June 2022
2. CRO has adequate authority, stature, resources And support to fulfill his/her responsibilities	Non-compliant		The company is still looking for suitable person to be its Chief Risk Officer and head of its enterprise risk management department target date of compliance is June 2022

CULTIVATINGASYNERGICRELATIONSHIPWITHSHAREHOLDERS

Principle13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of the irrights.

RECOMMENDATION13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance	Compliant	Reference: Corporate Governance Manual of ISAC Art.X, X.1 to X.7 Stockholders Rights and Protection	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The Corporate Governance Manual of ISAC wherein the basic shareholders rights are disclosed is uploaded in ISAC's website	

RECOMMENDATION13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	Compliant	Reference: ISAC Annual Stockholders Meeting Notice 2020 The Notice of Annual Stockholders' Meeting was sent on <u>November 15, 2020</u> for the <u>December 16, 2020</u> meeting, 30 days prior to the scheduled meeting.	
RECOMMENDATION13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant		The inclusion in the minutes of shareholders' participation during the ASM meetings is still being finalized. Target Date: June 2022
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	Non-Compliant		The Minutes of the Annual Stockholders' Meeting will only be confirmed by the shareholders during the following year's meeting. Target Date: December 2021
RECOMMENDATION13.4			
1. Board has an alternative dispute mechanism to resolve intra -corporate disputes in an amicable and effective manner	Non-Compliant		The alternative dispute mechanism System of the company is still being drafted Target Date: June 2022
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant		The alternative dispute mechanism System of the company is still being drafted Target Date: June 2022

DUTIES OF STOCKHOLDERS

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

RECOMMENDATION 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between the man and the company in creating wealth, growth and sustainability.	Compliant	Reference: 2020 General Information Sheet of ISAC ISAC's shareholders are identified in the GIS	
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RECOMMENDATION 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Reference: Corporate Governance Manual of ISAC Art.X, X.1 to X.7 Stockholders Rights and Protection; Art.XI Relations with Stockholders Art.XI.1; XI.2	
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RECOMMENDATION 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Reference: ISAC website Stakeholders can freely communicate with the company and to obtain redress for the violation of their rights. Either in the company's website or calling the company's Phone landline 88173031 to 34	
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Principle15: 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.			
RECOMMENDATION15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Non-Compliant		The Board is still drafting the policy framework for employees engagement, welfare and safety Target date of compliance June 2022
RECOMMENDATION15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti corruption policy and program in its Code of Conduct.	Non-Compliant		The Board is still drafting the policy and framework for the Code of Conduct and Business Ethics of the company Target date of compliance June 2022
2. Board disseminates the policy and program to employees across the organization through trainings to embed the min the company's sculture.	Non-Compliant		The Board is still drafting the policy and framework for the Code of Conduct and Business Ethics of the company Target date of compliance June 2022
RECOMMENDATION15.3			
1. Board establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Non-Compliant		The company is still finalizing the system and framework for whistle blowing reporting of its employees Target date of compliance June 2022
2. Board establishes a suitable framework for whistle blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle blowing concerns,	Non-Compliant		The company is still finalizing the framework for whistle blowing reporting system of its employees Target date of compliance June 2022
3. Board supervises and ensures the enforcement of the whistle blowing framework	Non-Compliant		The company is still finalizing the system and framework for whistle blowing reporting of its employees Target date of compliance: June 2022

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Principle16: 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.

RECOMMENDATION16.1

<p>1. Company recognizes and places importance on The interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>Reference: 2020 Annual Report 2020 Taal Vocano victims outreach and relief program of ISAC</p>	
<p>2. Special Provision for Philippine Catastrophe Insurance Facility.</p>	<p>Compliant</p>	<p>Discussion and seminars are still ongoing related to the special provision for Philippine Catastrophe Insurance Facility. ISAC is participating in all the seminars and discussion being initiated by the Insurance Commission and PIRA</p>	