

CORPORATE GOVERNANCE MANUAL

of

INTRASTRATA ASSURANCE CORPORATION

I. Corporate Governance

Intrastrata Assurance Corporation, its Board of Directors, officers, and employees hereby adhere to the fundamental principles of sound corporate governance provided in this Manual of Corporate Governance, and acknowledge that the same are necessary components of sound strategic business management that will enhance the value of the Company to all its stakeholders. The Company is firmly committed to good corporate governance in order to achieve policyholder and market investor's confidence and sustain the growth of the insurance industry thereby contributing to the country's economic well being.

The corporate governance practices of the company are principally contained in its Articles of Incorporation and By-laws and in addition, the company crafted this Corporate Governance Manual pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No.6 Series of 2009 (Revised Code of Corporate Governance) issued on July 15, 2009 and Insurance Commission Circular 31-2005 dated September 26, 2005.

II. DEFINITIONS

1. Corporate Governance - is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized.

2. Board of Directors - refers to the collegial body that exercises the corporate powers of all corporations formed under the Corporation Code. It conducts all business and controls or holds all properties of such corporations.

3. Management - refers to the body given the authority to implement the policies determined by the Board in directing the course/business activity/ies of the corporation.

4. Executive Director - refers to a director who is at the same time appointed to head a department/unit within the corporate organization.

5. Non-Executive Director - refers to a Board member with non-executive functions.

6. Independent Director - refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which could interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the director's fees and shareholdings, he should be independent of management and free from any business or other relationship that could materially interfere with the exercise of his independent judgment.

7. Control - exists when the parent owns directly or indirectly through subsidiary more than one half of the voting power of an enterprise unless, in exceptional circumstance, it can be clearly demonstrated that such ownership does not constitute control. Control may also exist even when ownership is one half or less of power of an enterprise when there is:

- a) power more than one half of the voting rights by virtue of an agreement with other stockholders; or
- b) power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
- c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- d) power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
- e) any other arrangement similar to any of the above.

8. Internal Control - refers to the process effected by a company's Board of Directors, management and other personnel, designated to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal control policies.

9. Internal Control Environment - refers to the framework under which internal controls are developed, implemented, alone or in concert with other policies or procedures, to manage and control a particular risk or business activity, or combination of risks or business activities, to which the company is exposed.

10. Business Risk - the threat an event or action will adversely affect an organization's ability to achieve its business objectives and execute its strategies successfully.

11. Actuarial Risk - risk which an insurance underwriter covers in exchange for premiums.

12. Risk Management - procedure to minimize the adverse effect of a financial loss by (a) identifying potential sources of loss; (b) measuring the financial consequences of a loss occurring; and (c) using controls to minimize actual losses or their financial consequences.

13. Internal Auditing - refers to an independent, objective assurance and

consulting activity designed to add value and improve an organization's operation. It helps an organization accomplish its objectives by bringing a systematic, and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

14. Internal Audit Department - refers to a department, division, team of consultants, or other practitioner(s) that provide independent, objective assurance and consulting services designed to add value and improve an organization's operation.

15. Independence - refers to that environment which allows the person to carry out his/her work freely and objectively.

16. Objectivity - refers to an unbiased mental attitude that requires a person to carry out his/her work in such manner that he/she has an honest belief in his/her work product and that no significant quality compromises are made. Objectivity requires the person not to subject his/her judgment to that of others.

17. Standards for the Professional Practice Internal Auditing (SPPIA) - refers to the criteria by which the operations of an internal auditing department are valued and measured. They are intended to represent the practice of internal auditing as it should be, provide a framework for performing and promoting a broad range of value-added internal audit activities and foster improved organizational processes and operations.

18. Stakeholders - refers to the group of company owners, officers and employees, policyholders, suppliers, creditors and the community.

19. Parent - is a corporation who has control over another corporation directly or indirectly through one or more intermediaries.

20. Related company - means another company which is: (a) its parent or holding company; (b) its subsidiary or affiliate; or (c) a corporation where an insurance company or its majority stockholder owns such number of shares which allow/enable him to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

21. Substantial or major shareholder - shall mean a person, whether natural or juridical, owning such number of shares that will allow him to elect at least one (1) member of the board of directors of an insurance company or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

22. Majority stockholder or Majority shareholder - means a person, whether natural or juridical, owning more than fifty percent (50%) of the voting stock of an insurance company.

23. Subsidiary - means a corporation more than fifty percent (50%) of the voting

stock of which is owned or controlled directly or indirectly through one or more intermediaries by an insurance company.

24. Affiliate - is a juridical person that directly or indirectly through one or more intermediaries, is controlled by, or is under common control with the insurance companies or its affiliates.

25. Related interests - shall mean individuals related to each other within the fourth consanguinity or affinity, legitimate or common law, and two or more company owned or controlled by a single individual or by the same family group or the same group of persons.

III. ORGANIZATIONAL STRUCTURE

A. Board of Directors

The Board of Directors of Intrastrata Assurance Corporation is primarily responsible for the governance of the corporation. The Board of Directors of the corporation is structured in such a way that it provides an independent check on the management and ensures protection to all its stakeholders. Its responsibility consists of setting the vision of the company and its business directions appointing its senior executive officers, confirming its organizational structure, approving all major strategies and policies, overseeing all major risk-taking activities, monitoring the financial results, measuring and rewarding the performance of management, and generating a reasonable investment return to shareholders.

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, the Board shall have at least (2) independent directors that shall be identified in the annual report of the company.

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:

1. To ensure that the meetings of the Board are held in accordance with the By-Laws of the Company;

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;
3. To maintain qualitative and timely line of communication and information between the Board and Management.

Considering that the insurance business is imbued with public interest, the role of the Chairman and President shall in principle be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

C. Qualification of Directors

Members of the Board of Directors of the Company shall have the following qualifications:

1. Every director shall own at least one (1) share to the capital stock of the Company, which share shall stand in his name in the books of the Company.
2. Shall be at least twenty-five (25) years of age at the time of his appointment.
3. Possesses college education or the skills needed to effectively carry out his function as director;
4. Adequate physical health and mental stamina to withstand the rigors of his responsibilities
5. Possesses the necessary skills, competence and experience, in terms of management capabilities preferably in the field of insurance or insurance-related disciplines. In view of the fiduciary nature of insurance business, directors, shall also be persons of integrity and credibility.
6. Possesses strong adherence to legal and good moral principles.
7. Must have attended a special seminar on corporate governance conducted by a training provider accredited by the Insurance Commission.
8. The Nomination Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

D. Disqualification of Directors

D.1. Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director.

1. Person who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion forgery, malversation, swindling and theft;
2. Persons who have been convicted by final judgment of the court for violation of insurance laws;
3. Any person judicially declared as insolvent or incompetent to enter into a contract;
4. Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

D.2. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

1. Persons who refuse to fully disclose the extent of his business interest when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. The disqualification shall be in effect as long as the refusal persists.
2. Directors who have been absent (50%) of all regular and special meetings of the board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
3. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executor;
4. Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
5. Directors disqualified for failure to observe/discharge their duties and

responsibilities prescribed under existing regulations. This disqualification by the Insurance Commission;

6. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
7. Persons dismissed /terminated from employment for a cause or as director of any corporation covered by the Governance code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.
8. Those under preventive suspension.
9. Persons with derogatory records with the NBI, court, police, involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and /or ability to discharge the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity.

E. Qualification of Independent Directors

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

1. 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;
2. 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;
3. He is not a director or officer of the related companies of the institution's majority stockholders;
4. He is not a majority stockholder of the company, any of its related companies, or of its majority shareholder;
5. 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
6. 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

The Independent Directors shall likewise be disqualified during his tenure under the following instances:

1. 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;
2. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Company, and;
3. Such other disqualifications which this Manual of Governance provides.

E.3 Election/Re-election of Directors

Essential standards:

1. All directors shall be subject to election and voting by shareholders at the first annual general meeting after their nomination, and to re-election thereafter at intervals of no more than three years. The names of directors submitted for election or re-election shall be accompanied by sufficient biographical details and any other relevant information to enable shareholders to have knowledge of their decision on their election.
2. Each director shall represent all shareholders and shall be in a position to participate independently and objectively.
3. Non-executive directors shall be elected for a specified term and removed in accordance with the Corporation Code of the Philippines.

E.4. Procedure in case of Termination/Cessation of a Member of Board of Director /Independent Director

In case of resignation, disqualification or resignation of a Member of a Board of Director the company shall immediately notify the SEC within Thirty Days (30) days from vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholder in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office such resignation, disqualification or resignation the vacancy shall be filled by the.

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;

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.

G. BOARD MEETINGS AND QUORUM REQUIREMENTS

a) The Board of Directors are required to attend the regular and special meetings of the Board in person or via teleconference or video conference or by any other technological means allowed by law;

b) A quorum is present when the majority of the members of the Board of Directors are present in a meeting called duly called for that purpose.

H. DUTIES AND RESPONSIBILITIES OF THE BOARD

The duties and responsibilities of the Board of Directors are the following:

1) Craft the mission, vision, and strategic objectives of the Company and properly communicate these to the entire organization;

2) Establish a selection process to ensure the appointment of competent directors and officers;

3) Create the appropriate policies on risk management, approve and review the management and control systems & processes adopted by the management;

4) Monitor and assess the performance of management through a comprehensive and reliable financial reporting system;

5) Ensure that all activities of the Company are in compliance with all pertinent laws and regulations and are within the bounds indicated in its Articles of Incorporation and By-Laws;

6) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by

members of the Board;

7. Review and adopt a strategic plan for the company;

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;

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;

10. Approve corporate policies in core areas of operations, specifically underwriting, investments, reinsurance and claims management;

11. Plan succession, including appointing, training, fixing the compensation of, and where appropriate, replacing senior management;

12. Develop and implement an investor relations program or adopt shareholder communications policy for the company;

13. Review the adequacy and the integrity of the company's internal control systems and management information systems including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines;

14. Select and appoint officers who are qualified to administer insurance affairs soundly and effectively and to establish an adequate selection process for all personnel;

15. Apply fit and proper standards on personnel. It must have integrity, technical expertise and experience in the institution's business, either current or planned, which should be the key considerations in the selection process;

16. Establish an appropriate compensation package for all personnel that are consistent with the interest of all its stakeholders;

17. Review and approve material transactions not in the company's ordinary course of business;

18. Establish a system of check and balance which applies to the Board and its members;

19. Present to all its members and shareholders a balanced and understandable assessment of the company's performance and financial condition;

20. Discharge Board functions diligently by meeting regularly, defining a clear agenda for each meeting and recording them properly. Encourage independent views and discussions during Board meetings to ensure balanced deliberations

and decisions. Ensure that all acts of the Board are within the powers prescribed in the Articles of Incorporation and By-Laws, relevant laws and regulations;

21) Conduct itself with utmost honesty, competence, independence and professionalism;

I. Duties and Responsibilities of the Members of the Board of Directors

Directors and Independent Directors shall:

1. Conduct fair business transaction with the insurance company to ensure that personal interest does not bias board decisions;

2. Directors, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He shall avoid situations that would compromise impartiality;

3. 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;

4. Devote time and attention necessary to properly discharge their duties and responsibilities. Directors shall devote sufficient time to familiarize themselves with the institution's business. They must constantly be aware of the institution's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions and request explanations. If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board.

5. Act judiciously. Before deciding on any matter brought before the board of directors, every director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.

6. Exercise independent judgment. A director shall view each problem/ situation objectively. When a disagreement with others occurs, he shall carefully evaluate the

situation and state his position. He shall not be afraid to take a position even though it might be unpopular. Corollary, he shall support plans and ideas that he thinks will be beneficial to the institution.

7. Have a working knowledge of the statutory and regulatory requirements affecting the institution, including the contents of its articles of incorporation and by-laws, the requirements of the Insurance Commission, and where applicable, the requirements of other government agencies. A director shall also keep himself informed of the industry developments and business trends in order to safeguard the institution's competitiveness.

8. Observe confidentiality. Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the Board.

9. The directors concerned shall each be required to acknowledge receipt of the copies of such specific duties and responsibilities and shall certify that they fully understand the same.

10. Directors should appoint a Corporate Secretary who shall be a Filipino citizen capable of carrying out the duties to which the post entails and his removal shall be a matter for the entire Board to decide. The Corporate Secretary shall submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

IV. BOARD COMMITTEES

The Board may carry out its various responsibilities and delegate specific responsibilities to other sub-committees for specialized areas of focus within the limits allowed by law.

VI.1. Nomination Committee

a) The Nomination Committee shall be composed of at least three (3) directors. The primary function of the nomination committee is to review and evaluate the qualification of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors. It should prepare a description of the roles and capabilities required of a particular appointment.

b) The nominations of independent director/s, Chairman of the Board and other positions shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

c) The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees.

d) After the nomination, the Committee shall prepare a Final List of Candidates

which shall contain all the information about all the nominees, to be made available to the SEC and to all stock holders through the filing and distribution of the Information Statement, or in such other reports the company is required to submit to SEC. The name of the person or group of persons who recommended the nomination shall be identified in such report including any relationship with the nominee.

e) Only nominees whose names appear on the Final List of Candidates shall be eligible for election. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.

f) For the appointment of the Chairman, it should prepare job specifications, including an assessment of the time commitment expected of him, recognizing the need for his availability in the event of crises. The Chairman's other significant commitments shall also be disclosed to the Board before his appointment and included in the annual report. Any change thereof shall be reported to the board and included in the next annual report.

g) The terms and conditions of appointment of non-executive directors shall be made available for inspection. The letter of appointment shall specify the expected time commitment. They shall undertake sufficient time to meet and do what is expected of them. Their other significant commitments shall be disclosed to the Board before appointments indicating the time lines and in any case, the Board shall be informed of subsequent changes.

h) The Nomination Committee shall consider the following guidelines in the determination of the number of directorship for the Board.

- i The nature of the business of the corporation, where he is a director;
- ii. Age of director;
- iii. Number of directorship/active memberships and officership in other corporations or organizations; and
- iv. Possible conflict of interest.

IV.2. Audit Committee

a) The audit committee shall be composed of at least three (3) directors, one of whom must be independent

b) Must be chaired by an independent board member preferably with accounting and finance experiences.

c) Its main function is to provide oversight to the company's internal and external auditors.

d) It shall be responsible for the setting up of internal audit department, and the appointment of internal auditors as well as of independent external auditors.

e) It shall monitor and evaluate the adequacy and effectiveness of the internal control system of the company.

IV.3. Compensation and Remuneration Committee

a) The Compensation and Remuneration Committee preferably shall be composed of at least three (3) directors.

b) The committee shall establish a formal and transparent procedure for developing policy on remuneration of directors and officers to ensure that their compensation is consistent with the company's culture, strategy, and the business environment in which it operates;

c) The committee shall oversee the formulation of the compensation and retirement philosophy as well as study and evaluate the appropriate compensation, retention and retirement policies and programs for the officers of the Company as appointed in accordance with the company's By-Laws, as well as managers or executives with the rank of assistant vice president and up;

d) The committee shall review management and succession plan; and

e) The committee shall perform other duties and responsibilities as required by the Board

V. Director's Rights

In addition to the rights mentioned in the Corporation Code, and those embodied in the Articles of incorporation and By-laws of the Company, individual members of the Board of Directors, shall have the following rights

V.1. Right to Information

1. All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings which would enable them to discharge their duties.

2. Management is responsible for providing the Board with appropriate and timely information. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

3. A full Agenda and comprehensive Board papers are to be circulated to all directors well in advance of each meeting.
4. Full board minutes of each Board Meeting are kept by the Corporate Secretary and are available for inspection by an director during office hours.
5. Directors have a right to identify the information they need and receive it in a timely way.
6. Individual Directors have a right to obtain information necessary for them to discharge their duties from executives employed by the company.

V.2. Compensation of Directors

The Board of Directors of the Company, as such, shall not receive any compensation as provided in the By-laws of the Company. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings.

VI. The Management

The Management is represented by a Management Committee (mancom) composed of corporate officers and executives formed and headed by the President. All Principal policies and directions governing, the organization, management and operation of the Company shall be formulated and implement by this committee, subject to Board approval when required by existing laws. The Committee shall regularly report to the board at its regular board meeting or during special meeting whenever necessary or requested by the Board or the President, on all matters concerning the Company's operation as well as significant events or documents affecting the Company.

VI.1 Duties and Responsibilities of the President

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.

VI.2. Compliance Officer

The Chairman of the Board shall designate a Compliance 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.

VI.3. Chief Risk Officer

The Board shall designate a Chief Risk Officer who shall hold at least a position of Vice President or its equivalent. He/She shall report directly to the Board and is responsible for managing and developing a process for assessing, identifying, monitoring and reducing pertinent business risk that could interfere with company's goals and objectives.

VI.4.. External Auditor

The Board, after consultation with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Securities and Exchange Commission and the Insurance Commission who shall undertake an independent audit of the Company and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholder.

The Company's external auditor should be rotated or the handling partner should be changed every five (5) years or earlier.

VI.5. Corporate Secretary

The Corporate Secretary is an officer of the company and is expected to observe the highest degree of professionalism, integrity and diligence.

VI.5.A. Qualification of Corporate Secretary

1. Must be a resident Filipino citizen of good moral character.
2. Must have an adequate legal, administrative, and interpersonal skills.

VI.5.B. Duties and responsibilities of the Corporate Secretary

1. Work and deal fairly and objectively with all the constituencies of the Company, namely, the Board, Management, Stockholders and other stakeholders.
2. Be fully informed and be part of scheduling the board activities.
- 3 .Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.

4. Schedule the meetings and duly notify the board before every meeting.
5. Advise Directors on matters pertaining to their legal responsibilities and obligations and ensure that appropriate Board procedures are being followed and that applicable rules and regulations are complied with.
6. Conduct orientation for new Directors on the Company's Organizational Structures and business operation.
7. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
8. Attend all Board Meetings and maintain record of the same.
9. Submit to the SEC and Insurance Commission all reportorial requirements of the Company
10. Safe keep and preserve the integrity of minutes and other official records of the Company.
11. Ensure that all Board procedures, rules and regulations are faithfully followed by its members.

VI.6. Internal Auditor

The Company shall have in place an independent internal audit function. The internal auditor shall provide the Board, senior management, and stockholders the assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

VII. DISCLOSURE AND TRANSPARENCY

- 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.
- 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.

All such information should be disclosed through approved regulatory procedure for company announcement as well as through annual report.

VIII. ACCOUNTABILITY AND AUDIT

1. The Board shall ensure that stockholders are provided with a balanced and comprehensive assessment of the Company's financial position and projects.
2. The Board shall ensure that an effective system of control is in place for safeguarding the corporation's assets.
3. Major risk facing the corporation which are likely to affect the performance and financial condition of the corporation(including underwriting risk, reinsurance risks, investment risk, operational risk and legal risk) and the approach taken by management in dealing with these risks, shall be reported to the Board to enable the latter to effectively address said risks.
4. The Board shall ensure that reports accurately reflect the financial condition and the results of corporate operations.
5. The Board shall regularly review the systems of securing adherence to key internal policies as well as to significant laws and regulations that apply to its. An effective and comprehensive internal audit of the corporation's internal control system shall be carried out by independent and competent staff. Audit findings and recommendation shall be reported to the Board and the President.
6. The Board shall protect shareholders' value through adequate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and code of conduct.

IX. Related Party Transactions

- a. Overlapping interests in the insurance entity shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.
- b. 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
- c. 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.

X. STOCKHOLDERS RIGHTS AND PROTECTION

The Board shall commit to respect the following rights of the stockholders:

X.1. Voting Right

Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Cumulative voting shall be used in the election of directors.

X.2. Pre-emptive Right

Unless otherwise stated in the Articles of the Incorporation, or Corporation Code of the Philippines, all stockholders shall enjoy pre-emptive right to subscribe to all issues or disposition of shares in proportion to their respective shareholdings.

X.3. Right of Inspection

Any stockholder who desires to exercise his right to inspect corporate books and record of the Company must make a written request addressed to the Corporate Secretary, and stating the specific reason(s) or purpose (s) for the inspection. The exercise of such right may be denied if : (1) the requesting stockholder improperly used information obtained from prior examination; or (ii) is not acting in good faith, or, (iii) there is a reasonable ground to safeguard the interests of the Company, such as when the subject of inspection contains confidential or proprietary information or covered by a confidentiality or non-disclosure obligation which will be violated by the Company if inspection were allowed. In no case the stockholder be allowed to take corporate books and other records out of the principal office of the Company for the purpose of inspecting them. The Corporate Secretary may elevate the request for inspection for the information, approval, or other appropriate action by the Board.

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

X.4. Right to Information

Stockholders shall be provided upon request, with periodic reports filed by the company with the SEC (e.g., proxy statement/information statement and annual report) which disclose personal or personal information about the Directors and Officers such as their educational and business background, holdings of the Company's shares, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.

X.5. Right to Dividends

Stockholders shall have the right to receive declared dividends subject to the procedures prescribed by the Board. The Company shall be compelled to declare dividends when its retained earnings exceeds 100% of its paid-in capital stock, except:

1. When justified by definite corporate expansion projects or programs approved by the Board; or
2. When the Company is prohibited under any loan agreement with any financial institution or creditors, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
3. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the company, such as when there is a need for special reserve for probable contingencies.

X.6. Appraisal Right

The stockholders shall have appraisal right under any of the following circumstances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any aspect superior to those of outstanding shares of any class, or of existing or reducing the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company;
3. In case of merger or consolidation; and
4. Investment of funds in any other corporation or business or for a purpose other than the primary purpose for which the Company was organized.

X.7. Right to Fair Conduct of Stockholder's Meeting

The Board shall adopt appropriate measure to ensure that stockholder's meeting are conducted in a fair and transparent manner. The stockholders should be encouraged to personally attend such meetings, and if unable to do so, they should be advised ahead of time of their right to appoint a proxy on their behalf. Subject to the requirements of law, rules and regulations, the By-Laws of the Company and the rules approved by the board, the validity of a proxy should be resolved in favor of the stockholder.

It shall be the duty of the directors to promote stockholders rights, remove impediments to the exercise of stockholder's rights and allow possibilities to seek redress for violation of their rights. The directors shall be envisage the exercise of stockholders' voting rights and solution of problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person.

XI. RELATIONS WITH STOCKHOLDERS

XI.1. Dialogue with stockholders

- a) There shall be a dialogue with stockholders based on the mutual understanding of objectives.
- b) The Board must maintain an effective communication policy that will enable both the Board and management to communicate effectively with its stockholders, stakeholders and the general public.
- c) The Board shall keep in touch with stockholders' opinion in whatever way it is most practical and efficient.

XI.2. Constructive use of the AGM (Annual General Meeting)

- a) The Board shall use the AGM or Annual Stockholder's Meeting to communicate with investors and encourage their participation
- b) The company shall count all proxy votes in any election or voting.
- c) The company ensures that votes cast are properly received and recorded.
- d) The Board proposes a separate resolution at the AGM on each material issue (i.e. reports, accounts)
- e) The Chairman, directors and members of the Audit, Remuneration and Nomination committees shall be present at the AGM to answer questions.
- f) Notices, annual reports including the latest annual Financial Statements of the company shall be given to stockholders at least two (2) weeks prior to the AGM.

XII. PUBLIC ACCOUNTABILITY

- a) As custodian of public funds, insurance corporations shall ensure that dealings with the public are always conducted in a fair, honest and equitable manner.
- b) All the officers, directors and employees of the company shall avoid conflict of interest
- c) The company shall not engage in any unfair or deceptive acts of conduct that constitute unfair trade practices detrimental to policyholders and claimants.

XIII. RESPONSIBILITY FOR GOOD GOVERNANCE

The Board of Directors, its officers and employees of the Company shall commit themselves to the principles and leading practices contained in this Corporate Governance Manual and shall undertake every effort necessary to create awareness within the organization that the principles of good corporate governance is a necessary component of what constitutes sound strategic business management

XIV. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

The Company shall establish an evaluation system to determine and measure compliance with this Manual. Violation thereof or non-compliance shall be subject to penalty as maybe determined by the Board of Directors ranging from reprimand to removal from office.

XVI. EFFECTIVITY

This Corporate Governance Manual of Intrastrata Assurance Corporation shall take effect on _____.

SIGNED