

ANNUAL CORPORATE GOVERNANCE REPORT OF
HSBC Insurance Brokers (Philippines) Inc.


1. For the fiscal year ended 31 December 2020.
2. Certificate Authority Number: SEC Company Registration Number A200209918
3. Incorporated in Makati City, Metro Manila Philippines
4. Company address: 5/F HSBC Centre, 3058 5th Avenue West BGC Taguig 1634
5. Company's telephone number: 02 8581-8458
6. Company's official website: <https://www.hsbc.com.ph/insurance/>


**HSBC Insurance Brokers (Philippines) Inc.
Annual Corporate Governance Scorecard**

RECOMMENDATION	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION	DOCUMENT
Principle 1: 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 interests of its shareholders and other stakeholders.				
Recommendation 1.1				
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p> <p>2. Board has an appropriate mix of competence and expertise.</p> <p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the following:</p> <p>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors</p> <p>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</p>	<p>Members of the Board, who come from a variety of different backgrounds, have a diverse range of business, insurance, banking and professional expertise. Biographical details of the directors, together with information relating to the relationship among them, are set out in the section "Biographical Details of Directors and Management" in the Company's Corporate Governance Report.</p> <p>Pursuant to the Company's Nomination Terms of Reference and the HSBC Group's Nomination Policy, the Company uses a formal, considered and transparent procedure for the appointment of new Directors. With the adoption of the HSBC Group's Nomination Policy, the Board and/or the Nomination Committee focuses on the independence and board diversity, amongst other corporate governance issues for better board effectiveness and diversity. Before a prospective director's name is formally proposed, opinions of the existing directors (including the independent non-executive directors) will be solicited. The proposed appointment will first be reviewed by the Nomination Committee, taking into account the balance of skills, knowledge and experience on the Board. Upon recommendation of the Nomination Committee, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation.</p> <p>Pursuant to Group policy, the Company will arrange for an enhanced vetting for non-employee non-executive directors before his/her appointment and thereafter once every three years, as one of the measures to verify the continual fitness and propriety of the non-executive directors.</p>	<p>1) Company's Corporate Governance Report</p> <p>2) Company's Board Charter</p> <p>3) Company's Nomination Terms of Reference</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 1.2				

1. Board is composed of a majority of non- executive directors.	COMPLIANT	Identify or provide link/reference to a document identifying the directors and the type of their directorships	<p>The Company is a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation Ltd (HSBC) and to ensure full alignment of corporate objectives and strategies, majority of the directors are from the Bank. This structure ensures that the guidelines, controls and policies established at the HSBC Group level are properly implemented. Non-independent non-executive directors are also part of the Board to add professional skills. provide an external perspective, oversight of managerial performance, including prevention of possible conflict of interests and balancing of competing demands of the corporation.</p> <p>As at the date of this report, the Board currently comprises seven members. Out of the members, two are independent non-executive directors, two are non-executive Directors and three are executive directors. They are:</p> <ol style="list-style-type: none"> 1. <u>Graham FitzGerald - Non-Executive Director</u> 2. Jennifer Infante - Executive Director 3. Peter Faulhaber - Executive Director 4. Michelle Lopinto - Executive Director 5. <u>Colin Drummond - Non-Executive Director</u> 6. <u>Ma. Theresa Loanzon - Independent Non-Executive Director</u> 7. <u>Homer Figueroa - Independent Non-Executive Director</u> 	<p>1) Company's Corporate Governance Report</p> <p>2) Company's General Information Sheet</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 1.3				
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Provide link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on training of directors.	<p>Upon appointment, new directors are given a comprehensive and tailored induction. The induction includes materials on a director's duties and obligations, the terms of reference of the Board and board committees and relevant HSBC Group policies. As part of the induction, new directors meet with key senior executive/s and receive briefings on the Company's business, operations, risk management and governance practices.</p> <p>All directors are given appropriate training on a continuing basis. Directors attend in house and external programmes as needed. Directors may also request training on specific topics of interest. In addition to in-house and external programmes, executive directors and non-executive directors who are employees of the Parent Company have access to training programmes for employees. Training topics covered in 2020 included managing risk at HSBC, health, safety and wellbeing, data privacy, cyber security, anti-bribery and corruption, anti-money laundering, sanctions, values and conduct and competition law. Independent directors are also given access to three mandatory training courses annually.</p>	<p>Company's Board Charter (5. Roles and Responsibilities of Directors).</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 1.4				


1. Board has a policy on board diversity.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>The Company's Board Charter delineates the Board as responsible for ensuring directors are appointed to fill vacancies between stockholders' meetings. The most suitable candidates are selected based on the needs of the Company, and that they favor diversity in relevant industry experience, knowledge, skills, honesty, integrity and gender and, in general, do not suffer from biases that may imply any kind of discrimination.</p> <p>HSBC Holdings plc, the ultimate holding company of the HSBC Group, has adopted a board diversity policy (which is consistent with the Group's strategic focus on ethnicity, age and gender diversity for the employee base) and stated its intention to exceed a target of 30% female representation on its board.</p> <p>HSBC Group committed to an aspirational target of 40% female representation at Board level by the end of 2019 as part of its Workplace Gender Equality Agency (WGEA) submission and broader 3-year plan. While the aspirational target date has been extended to 2025, the aspirational target remains unchanged.</p> <p>Notwithstanding the above and whilst the Board recognise the advantages that diversity brings, the Board believe first and foremost that appointments should be made based on merit and that candidates should be considered against objective criteria, having due regard for the benefits of diversity, including gender diversity.</p> <p>As at the date of this report, the Company currently has <u>three women directors</u> out of the seven members or 43% female representation on its <u>board</u>.</p>	<p>Company's Board Charter (Board Succession Planning)</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 1.5				
1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p>	<p>BALGOS LAW renders the Corporate Secretary Services to the Company. The Company's designated Corporate Secretary is Atty. Florina Tan. She is neither the Compliance office of INPH nor one of the directors of the Board. Biographical details of the directors, together with information relating to the relationship among them, are set out in the section "Biographical Details of Directors and Management" in the Company's Corporate Governance Report.</p>	<p>Company's Corporate Governance Report</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. Corporate Secretary is a separate individual from the Compliance Officer.				
3. Corporate Secretary is not a member of the Board of Directors.				

4. Corporate Secretary attends training/s on corporate governance.	PARTIALLY COMPLIANT	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	<p>When the revised Corporate Governance circular was issued mid- June 2020, the Company made its best effort to look for training slots but due to the pandemic, there was lack of availability of online training courses from accredited centres (i.e. most of the time the courses were cancelled due to insufficient number of attendees). In 2021, the Company already reserved a slot with the Institute of Corporate Directors for an annual Corporate Governance Training refresher in June.</p> <p>As an alternative, the following materials were cascaded for reading to the Corporate Secretary:</p> <ul style="list-style-type: none"> • ICD CGOP - Intro to Corporate Governance (CG) by Mr.Rex Drilon II <ul style="list-style-type: none"> (a) <i>Corporate Governance Trends, Challenges and the Philippine situation</i> (b) <i>What is and why Corporate Governance</i> (c) <i>Principles and Practices of Good Corporate Governance</i> (d) <i>ASEAN Economic Integration</i> (e) <i>The Governance Journey</i> (f) <i>Case Study</i> • ICD CGOP - CG Committee by Mr. Frank D. Numann, MBA, FICD <ul style="list-style-type: none"> (a) <i>Board Framework</i> (b) <i>Purpose of Governance Committee</i> (c) <i>Structure and Functions</i> (d) <i>Manage Conflict of Interest</i> (e) <i>Ethics and Compliance</i> • ICD CGOP - Audit Committee - Ms. Helen T. De Guzman, FICD <ul style="list-style-type: none"> (a) <i>Audit Committee Charter</i> (b) <i>Financial reporting and Disclosures</i> (c) <i>Internal and External Audit</i> (d) <i>Common issues and "challenges"</i> • ICD CGOP - Risk Committee by Ms.Ida Ceniza Tiongson Trustee and Teaching Fellow ICD <ul style="list-style-type: none"> (a) <i>Risk Management in a Dynamic Environment</i> (b) <i>Best Practices and Takeaways</i> 	<p>Corporate Secretary's Conforme Letter</p> 
Recommendation 1.6				
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	The Company's designated Compliance Officer is Ms. Veronica Arias. She holds a title of a Vice-President in HSBC Philippines and is interlocked with the Company. Further, she is not a member of the Board. Biographical details of the directors, together with information relating to the relationship among them, are set out in the section "Biographical Details of Directors and Management" in the Company's Corporate Governance Report.	<p>Company's Corporate Governance Report</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.				

3. Compliance Officer is not a member of the board.				
4. Compliance Officer attends training/s on corporate governance annually.	PARTIALLY COMPLIANT	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	<p>When the revised Corporate Governance circular was issued mid- June 2020, the Company made its best effort to look for training slots but due to the pandemic, there was lack of availability of online training courses from accredited centres (i.e. most of the time the courses were cancelled due to insufficient number of attendees). In 2021, the Company already reserved a slot with the Institute of Corporate Directors for an annual Corporate Governance Training refresher in June.</p> <p>As an alternative, the following materials were cascaded for reading to the Compliance Officer.</p> <ul style="list-style-type: none"> • ICD CGOP - Intro to Corporate Governance (CG)_by Mr.Rex Drilon II <ul style="list-style-type: none"> (a) <i>Corporate Governance Trends, Challenges and the Philippine situation</i> (b) <i>What is and why Corporate Governance</i> (c) <i>Principles and Practices of Good Corporate Governance</i> (d) <i>ASEAN Economic Integration</i> (e) <i>The Governance Journey</i> (f) <i>Case Study</i> • ICD CGOP - CG Committee by Mr. Frank D. Numann, MBA, FICD <ul style="list-style-type: none"> (a) <i>Board Framework</i> (b) <i>Purpose of Governance Committee</i> (c) <i>Structure and Functions</i> (d) <i>Manage Conflict of Interest</i> (e) <i>Ethics and Compliance</i> • ICD CGOP - Audit Committee by Ms. Helen T. De Guzman, FICD <ul style="list-style-type: none"> (a) <i>Audit Committee Charter</i> (b) <i>Financial reporting and Disclosures</i> (c) <i>Internal and External Audit</i> (d) <i>Common issues and "challenges"</i> • ICD CGOP - Risk Committee by Ms.Ida Ceniza Tiongson Trustee and Teaching Fellow ICD <ul style="list-style-type: none"> (a) <i>Risk Management in a Dynamic Environment</i> (b) <i>Best Practices and Takeaways</i> 	Compliance Officer's Conformance Letter 

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1


1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<p>The Company Board Charter is governed by the following principles:</p> <ul style="list-style-type: none"> - The Board has oversight responsibility for decisions made and actions taken by the Company and for all outcomes. - The Board must have regard to the interests of customers at all times. - The Board shall have a policy of renewal in order to provide reinvigoration of the Board. - The Board shall have access to all the necessary information and expertise to fulfil its responsibilities. - The Board's focus shall always be on the sound and prudent management of the Company. - The Board should be satisfied that its oversight is adequate to ensure that the management and operation of the Company is in accordance with the strategy, direction and policies of the Board. - The Board must be able to demonstrate that it provides pro-active knowledgeable guidance to, and oversight of, the business of the Company in conjunction with senior management. 	<p>Company's Board Charter (Principles)</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 2.2				
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting) Indicate frequency of review of business objectives and strategy	The Company's 2021 financial plan is presented to the Board on an annual basis (usually during the last meeting for the year).	<p>Excerpt of the BOD meeting minutes held in November 2020</p> <p></p>
Recommendation 2.3				
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	The Company's Chairperson is Mr. Graham David FitzGerald. Mr. FitzGerald was elected as Non-Executive Director and INPH Board Chairman in February 2019 and was last reelected as a director on 02 June 2020. Mr. FitzGerald has worked in the banking industry for more than 16 years and has held senior management roles in Global Relationship Management, Lending and Transaction Management, Regional Operations and Corporate Banking. He joined HSBC in the UK in 2004 and his career with HSBC has taken him to many locations including his hometown of New Zealand, the UK, Hong Kong and the United Arab Emirates where he was Regional Chief Operating Officer and then, Regional Head of Corporate Banking for HSBC's Commercial Banking business in the Middle East North Africa region. In 2016, he took over as CEO of HSBC Brunei until mid-2018. He joined HSBC Philippines in 2018 as the Country CEO, which experienced a period of significant growth under his leadership.	<p>Company's Corporate Governance Report</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>

Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and its implementation	<p>The Company's Board Charter states that under the leadership of the Chairman, the Board is responsible for the orderly succession of Board membership. In the performance of this responsibility, the Board will:</p> <ol style="list-style-type: none"> 1. consider the size and composition of the Board and recommend any necessary changes; 2. recommend individuals for nomination as potential new non-executive directors; and 3. recommend candidates to board committees. <p>The Board may also engage executive search consultants to undertake research on, or identify candidates for new non-executive director positions. Recommendations for Board appointments will be put to the full Board for consideration and approval. All Board appointments are subject to the endorsement of the Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited (the Bank's regional holding company) and approval by applicable regulatory entities.</p> <p>Both executive and non-executive directors are HSBC employees and are governed by the HSBC Group HR Talent Management and Succession Planning guidelines where the principle driving our approach is to develop a talent pipeline of high caliber executives that will meet the HSBC Group's current and future resourcing needs. This pipeline will comprise those individuals with a consistently high performance track record, strong capability ratings and significant potential to progress within the business. Details of the policy on succession planning are set out in the section "Our Policy on Succession Planning" in this Annual Report.</p>	<p>Company's Board Charter (Succession Planning and Director Departure)</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT		The Company's Board Charter provides a guideline for directors' term limits, resignation, disqualification (both permanent and temporary).	
Recommendation 2.5				
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	The HSBC Group pay strategy is designed to attract and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience. It aims to attract and motivate the very best people who are committed to maintaining a long-term career with us and to performing their role in the long-term interests of stakeholders.	<p>https://www.hsbc.com/who-we-are/leadership-and-governance/remuneration</p>
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT		<p>The following key principles guide our remuneration decisions. We aim to:</p> <ul style="list-style-type: none"> • Focus on total compensation with a strong link between pay and performance • Judge not only what is achieved, but also how it is achieved, and whether it is in line with the HSBC Values • Operate a thorough performance management and HSBC Values 	

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		<p>assessment process</p> <ul style="list-style-type: none"> • Recognise and reward our employees for outstanding positive behaviour • Design our policy to align compensation with long-term stakeholder interests • Apply consequence management to strengthen the alignment between risk and reward <p>The Group Remuneration Committee oversees the Group's reward policy and its application to Group businesses. All members of the Committee are independent non-executive Directors of HSBC Holdings plc.</p> <p>Specific to independent non-executive directors, they are remunerated on monthly-basis (rather than the local industry practice of paying on a per diem/per meeting basis) for the dispensation of their duties and responsibilities including their attendance to Board and Committee meetings.</p>	
Recommendation 2.6				
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders,	Pursuant to the Company's Nomination Terms of Reference and the HSBC Group's Nomination Policy, the Company uses a formal, considered and transparent procedure for the appointment of new directors. With the adoption of the HSBC Group's Nomination Policy, the Board and/or the Nomination Committee focuses on the independence and board diversity, amongst other corporate governance issues for better board effectiveness and diversity. Before a prospective director's name is formally proposed, opinions of the existing Directors (including the INEDs) will be solicited. The proposed appointment will first be reviewed by the Nomination Committee, taking into account the balance of skills, knowledge and experience on the Board. Upon recommendation of the Nomination Committee, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation.	<p>Company's Nomination Committee Terms of Reference</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	<p>Provide proof if minority shareholders have a right to nominate candidates to the board.</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>The Company's Board Charter has a policy where appointments to the Board shall be recommended by the Nomination Committee in accordance with the policies and procedures in this charter and the Nomination Committee Terms of Reference.</p> <p>The Board shall be responsible for ensuring directors are appointed to fill vacancies between stockholders' meetings. The most suitable candidates are selected based on the needs of INPH, and that they favor diversity in relevant industry experience, knowledge, skills, honesty, integrity and gender and, in general, do not suffer from biases that may imply any kind of discrimination.</p>	<p>Company's Board Charter (Director Selection and Appointment)</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	N/A		N/A. The Company is a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation, Limited's ("HSBC") where 99.9% shares is held by HSBC.	N/A

4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT		<p>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board. It should prepare a description of the roles and capabilities required of a particular appointment.</p> <p>The Nomination Committee shall consider the following guidelines in the determination of the number of directorship for the Board.</p> <ul style="list-style-type: none"> - The nature of the business of the corporate, where he is a director; - Number of, directorships/active memberships and officerships in other corporations or organizations; and - Possible conflicts of interest. 	<p>1) Company's Board Charter (Director Selection and Appointment)</p> <p>2) Company's Nomination Committee Terms of Reference</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
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.	COMPLIANT		<p>The Company's Board Charter has a policy for board and individual director performance where directors are expected to perform their duties diligently, with integrity and in a manner which continues to create sustainable value for the shareholder, and in compliance with the duties and obligations imposed upon them by the Bank's By-Laws and the general law. The approach used to review the performance of the Board as a whole and of individual directors is set out below.</p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		<p>On an annual basis, the Corporate Secretary will circulate a board performance questionnaire, which addresses various performance criteria, including but not limited to, the following:</p> <ul style="list-style-type: none"> • effectiveness of the collective Board and its oversight and contribution to the Company • the Board's relationship to management • the quality of information provided to the Board • the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of INPH. <p>Following collation of individual responses to the questionnaire, the Chairman will lead a Board discussion of these findings and any proposed remedial actions and, as appropriate, will discuss the findings with individual directors.</p> <p>In addition, the Chairman may conduct annual one-on-one meetings with individual directors to discuss their individual performance and contribution to identify any ways of making individual directors more effective, should the need arise.</p>	<p>Company's Board Charter</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 2.7				

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.	Policies on material related party transactions are established at HSBC Group level for all HSBC entities and the Company also complies with the local regulatory requirements. Material related party transactions, if there's any, are disclosed in the notes to the Company's financial statements. In 2020, the Company has various transactions with its related parties which includes normal transactions and an agreement to provide services and use of equipment. The effects of the transactions are presented on page 11, 22, 23 and 43 of the Company's 2020 Audited Financial Statement.	Company's Related Party Transaction Guidance  Company's Audited Financial Statement https://www.hsbc.com.ph/insurance/#content_main_title_4
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Identify transactions that were approved pursuant to the policy.		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT			
Recommendation 2.8				
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).	COMPLIANT	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed.	The Company's Board Charter states that the Board is responsible that there is an effective process in place to ensure that senior management of INPH collectively have the full range of skills needed for the effective and prudent operation of INPH, and for assessing their performance. The Board shall ratify the appointment or re-appointment to the role of President and Chief Executive Officer, or equivalent position.	The Company's Board Charter https://www.hsbc.com.ph/insurance/#content_main_title_4

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).	PARTIALLY COMPLIANT	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>The Company's Board Charter has a policy for board and individual director performance where -</p> <ol style="list-style-type: none"> 1) The Board shall ensure that there is an effective process in place to ensure that senior management of INPH collectively have the full range of skills needed for the effective and prudent operation of INPH, and for assessing their performance; and 2) The Board shall have procedures for assessing the performance of the collective Board and individual directors. <p>On an annual basis, the Corporate Secretary will circulate a board performance questionnaire, which addresses various performance criteria, including but not limited to, the following:</p> <ul style="list-style-type: none"> • effectiveness of the collective Board and its oversight and contribution to INPH • the Board's relationship to management • the quality of information provided to the Board • the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of INPH. <p>Following collation of individual responses to the questionnaire, the Chairman will lead a Board discussion of these findings and any proposed remedial actions and, as appropriate, will discuss the findings with individual directors.</p> <p>In addition, the Chairman may conduct annual one-on-one meetings with individual directors to discuss their individual performance and contribution to identify any ways of making individual directors more effective, should the need arise.</p> <p>The current HSBC Group Board Survey template has an open-ended question asking the directors for comments relating to Management Performance, CEO/Executive Oversight. <u>The Company is providing a 'partially compliant' rating because it would want to further enhance and localise its survey to include closed-ended questions for each role.</u></p>	<p>The Company's Board Charter</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 2.9				
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>On an annual basis, the Corporate Secretary will circulate a board performance questionnaire, which addresses various performance criteria, including but not limited to, the following:</p> <ul style="list-style-type: none"> • effectiveness of the collective Board and its oversight and contribution to INPH • the Board's relationship to management • the quality of information provided to the Board • the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of INPH. 	<p>The Company's Board Charter</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		<p>Following collation of individual responses to the questionnaire, the Chairman will lead a Board discussion of these findings and any proposed remedial actions and, as appropriate, will discuss the findings with individual directors.</p> <p>In addition, the Chairman may conduct annual one-on-one meetings with individual directors to discuss their individual performance and contribution to identify any ways of making individual directors more effective, should the need arise.</p>	
Recommendation 2.10				
1. Board oversees that an appropriate internal control systems is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	<p>The Board is responsible for oversight of the risk management framework (including a view of the risk culture) that is consistent with INPH's strategic objectives and business plan while ensuring an effective system of risk management and internal control is established and maintained.</p> <p>The Risk Committee is responsible for internal control in the Company and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposal; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage and mitigate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud.</p> <p>In addition to the review of the Company's financial statements, the Audit Committee reviews and evaluates with the external auditors and internal auditors, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, policies and systems. The Audit Committee also reviews any findings of major investigations of internal control over financial reporting matters as delegated by the Board or on the Committee's initiative and assess management's response.</p>	<p>1) Company's Board Charter</p> <p>2) Audit and Risk Terms of Reference</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		<p>The Company's Board Charter states that Directors must avoid conflicts of interest, or perceived conflicts of interest, between their role as Director and their other activities and commitments.</p> <p>To avoid conflicts of interest, all Directors are required to obtain pre-clearance of any external appointments from the Board. The Board has also established a limit on listed companies' Directorships. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three listed companies, while a Director who does not have any full-time employment shall have appointments in no more than six listed companies.</p>	<p>The Company's Board Charter</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>

3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference of link to the company's Internal Audit Charter.	<p>The Internal Audit Charter is approved by the Audit Committee. The HSBC Global Internal Audit derives its authority from the Board of Directors of HSBC Holdings plc, Group's Audit and Risk Committees to which it has open access.</p> <p>The Group Head of Internal Audit has access to the Group Chair, Chief Executive and Chairs of the Audit Committee and Group Risk Committee whenever it is required and reports directly to the Audit and Group Risk Committees on the state of risk management and internal control throughout the Group. The HSBC Global Internal Audit representatives attend all Audit and Risk Committee meetings across the Group, including executive sessions, as may be appropriate.</p>	<p>Internal control HSBC Holdings plc</p> <p>https://www.hsbc.com/who-we-are/leadership-and-governance-codes/internal-control</p>
Recommendation 2.11				
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework. Provide proof of effectiveness of risk management strategies, if any.	<p>Robust risk governance and accountability are embedded throughout the Company through an established enterprise-wide risk management framework that ensures appropriate oversight of, and accountability for, and clear escalation path for the effective management of risk at all levels of the organisation and across all risk types.</p> <p>The Board has ultimate responsibility for the Company's risk appetite and the effective management of risk. The Company's management advises the Board on risk appetite and its alignment with strategy, risk governance and internal controls, and high-level risk related matters.</p> <p>Day-to-day risk management activities are the responsibility of senior managers, supported by global functions as described under the “HSBC 3 Lines of Defence” model. The model delineates management accountabilities and defines who is responsible to do what to identify, assess, measure, manage, monitor and mitigate risks, encouraging collaboration and enabling efficient coordination of risk and control activities. Please refer to the Corporate Governance Report (Approach to Risk) for additional information.</p>	<p>The Company's Corporate Governance Report</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. The risk management framework guides the Board in identifying unit's/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT			
Recommendation 2.12				
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	The Company has a Board Charter as part of the on-going active management of INPH corporate governance framework to continuously improve its efficiency and efficacy. The document is aligned with the HSBC Group Standards and to comply with local regulatory requirements.	<p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
2. Board Charter serves as a guide to the directors in the performance of their functions.				
3. Board Charter is publicly available and posted on the company's website.				

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

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	Provide information or link/reference to a document containing information on all the board committees established by the company.	The Company has the following Committees: 1. EXCO; 2. Audit and Risk; and 3. Nomination Committee.	Terms of Reference (TOR) of each committee https://www.hsbc.com.ph/insurance/#content_main_title_4
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	Refer to the Company's Audit and Risk Committee Terms of Reference document.	Audit and Risk Committee Terms of Reference https://www.hsbc.com.ph/insurance/#content_main_title_4
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Members of the Audit and Risk Committee, who come from a variety of different backgrounds, have a diverse range of business, insurance, banking and professional expertise. Biographical details of the Directors, are set out in the section "Biographical Details of Directors and Management" in this Annual Report.	Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	Members of the Audit and Risk Committee, who come from a variety of different backgrounds, have a diverse range of business, insurance, banking and professional expertise. Biographical details of the Directors, are set out in the section "Biographical Details of Directors and Senior Management" in this Annual Report.	Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	The Chairman of the Board is the CEO of HSBC Philippines Branch and the Chairman of the Audit and Risk Committee is an independent director. Refer to the Company's GIS document.	Company's General Information Sheet https://www.hsbc.com.ph/insurance/#content_main_title_4
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Recommendation 3.3

1.Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions.	The Company is a wholly-owned subsidiary of the HSBC Group (i.e. 99.9% of its shares are owned by HSBC) with only 20 employees. Due to the Company's size and structure, the governance structure of the Company is aligned with the HSBC Group governance framework. The HSBC Group Corporate Governance and Secretariat (CG&S) function sets out a globally consistent approach to the application of corporate governance policy, process, procedure and practice in so far if there is no conflict with any local legislative or regulatory requirements. As additional support to its subsidiary companies, the HSBC Group has a Subsidiary Accountability Framework which is a set of principles to strengthen, simplify and enhance the Group's corporate governance at a regional and country level.	
2.Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors,	COMPLIANT	Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	To strengthen accountability and flows of information, the Principal Subsidiaries each take responsibility for the oversight of Group companies in their region through the Subsidiary Accountability Framework. There is close interaction between the Board and the Principal Subsidiary boards and their respective committees, including the sharing of minutes and a requirement for certain appointments to subsidiary boards to be approved by the Group's Nomination & Corporate Governance Committee. These formal processes are complemented by regular informal dialogue between both the Group Chairman and Group committee chairs with chairs of each of the Principal Subsidiaries and those of their respective committees, including through various forums held periodically.	
3.Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	The Company being a part of the HSBC Group also observes the Group's strategic direction to streamline the number of governance committees and meetings to save executive time and create more time for leadership and drive better decision making.	

Recommendation 3.4

Note: The establishment of a Board Risk Oversight Committee (BROC) is generally for conglomerates and companies with a high risk profile.



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	COMPLIANT	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	As HSBC Insurance Brokers (Philippines) Inc. is a 99.9% owned subsidiary of the HSBC Group and as its shares are not listed on a regulated market, the Company is guided by the enterprise-wide risk management which are established at HSBC Group level for all HSBC entities to ensure the following:	Company's Corporate Governance Report (Approach to Risk) https://www.hsbc.com.ph/insurance/#content_main_title_4
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its functionality and effectiveness.			<ul style="list-style-type: none">• that all businesses and subsidiaries manage risk in the same way across the HSBC Group;• promote a strong risk culture: managing risk is simply part of how we work;• have sufficient controls in place to ensure we only take the right type and amount of risk to grow the business safely and within our appetite;• deliver fair outcomes for customers and maintain the orderly and transparent operation of financial markets.	The risk management policies are set out in the section "risk management" in the Corporate Governance Report.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the BROC		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.		
Recommendation 3.5 Note: Examples of companies that may have a separate RPT Committee are conglomerates and universal/commercial banks in recognition of the potential magnitude of RPTs in these kinds of corporations.				
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	As HSBC Insurance Brokers (Philippines) Inc. is a 99.9% owned subsidiary of the HSBC Group and as its shares are not listed on a regulated market, the Company refers to the Policies on material related party transactions which are established at HSBC Group level for all HSBC entities. The Company also confirms that it complies with the local regulatory requirements. Material related party transactions are disclosed in the notes to the Company's financial statements for the financial year ended 31 December 2020 which can be found in the Company's corporate website.	Company's Related Party Transaction Guidance 
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	In the 31 Dec 2020 AFS, the Company's RPT disclosure are as follows: "In the ordinary course of business, the Company has various transactions with its related parties which includes normal transactions and an agreement to provide services and use of equipment. The effects of these transactions are shown in the table found in the AFS (page 22).	
Recommendation 3.6				
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process,	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the	Refer to the Company's Committee's Terms of Reference (TOR) uploaded in the Company's webpage.	

resources and other relevant information.		Committee that is necessary for performance evaluation purposes.		
2. Committee Charters provide standards for evaluating the performance of the Committees.				
3. Committee Charters were fully disclosed on the company's website.		Provide link to company's website where the Committee Charters are disclosed.		

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

Recommendation 4.1


1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.	Refer to the Company's Board Charter (5. Roles and Responsibilities of Directors)	Company's Board Charter https://www.hsbc.com.ph/insurance/#content_main_title_4
		Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	Directors attendance rate for its regular meetings in 2020 is 95.8%. The attendance performance is available in Annual Stockholder's Meeting Minutes.	Annual Stockholder's Meeting Minutes 
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT		Meeting materials are circulated ahead of the meeting date to provide ample time for directors to review the materials.	
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Provide information or link/reference to a document containing information on any questions raised or clarification/ explanation sought by the directors.	Refer to the excerpt of the minutes.	Excerpt of the meeting minutes held in November 2020. 

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1


1. The Board is composed of at least twenty percent (20%) independent directors.	COMPLIANT	Provide information or link/reference to a document containing information on the number of independent directors in the board.	28% (2 out of 7) directors are independent directors.	Company's General Information Sheet https://www.hsbc.com.ph/insurance/#content_main_title_4
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Recommendation 5.2				
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	Refer to the Company's Board Charter for the disqualifications (Director Departure). Refer to the Biographical Details of Directors and Management in the Company's Corporate Governance Report.	1) Company's Board Charter 2) Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4
Recommendation 5.3				
1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	COMPLIANT	Provide information or link/reference to a document showing the years IDs have served as such.	The non-executive independent directors have a Memorandum with the Company that provides a section for term of appointment. An independent director of an institution may only serve as such for a maximum cumulative of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the same institution, but may continue to serve as regular director.	1) Company's Board Charter 2) Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	Refer to the Company's Board Charter for the disqualifications (Director Departure).	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	COMPLIANT	Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.	As at the date of this report, the Board has not retained an independent director in the same capacity after nine years but in the event that it will, the Company will comply to the Insurance Commission's requirement to submit a formal written justification and seek shareholders' approval during the Company's Annual Stockholder's Meeting.	
Recommendation 5.4				

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	Identify the company's Chairman of the Board and Chief Executive Officer.	The roles of the Chairman and the CEO are separate and held by unrelated individuals. Mr. Graham FitzGerald is the non-independent and non-executive Chairman. The Chairman's responsibilities include providing leadership to the Board, setting the agenda for Board meetings, ensuring that directors receive timely and comprehensive information for informed deliberations and promoting high standards of corporate governance.	Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.	The CEO is Ms. Jennifer Infante. She leads the management team and implements the decisions of the Board and Board Committees. Assisted by management committees, the CEO is responsible for the Company's day-to-day operations and business, including ensuring the continued adequacy and effectiveness of the system of internal controls and risk management.	
		Identify the relationship of Chairman and CEO.	Refer to the Biographical Details of Directors and Management in the Company's Corporate Governance Report.	
Recommendation 5.5				
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	N/A	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	The Board is of the view that it is not necessary to do so as there is a strong independent element on the Board, notwithstanding that the Company is a wholly-owned subsidiary. Further, the Chairman is able to foster open and constructive discussions during meetings and, as a nominee of the Shareholder, to facilitate effective communication with the shareholders.	N/A
Recommendation 5.6				
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	N/A	Provide proof of abstention, if this was the case.	The Company didn't have any transaction that would require a director from taking part in the deliberations.	N/A
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.	COMPLIANT	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	The Audit and Risk Committee held a meeting with external audit, internal audit and CRO without management present. The meeting was chaired by the Chairman of the committee who is an independent non-executive director.	Conforme/Sec Cert from Company Secretary that a meeting was held. 
2. The meetings are chaired by the lead independent director.	COMPLIANT			

Principle 6: The best measure of the Board's effectiveness performance as a body, and assess whether it possesses.

Recommendation 6.1

1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman and the performance of the Chairman is assessed the Committees,	<p>The Company's Board Charter has a policy for board and individual director performance where directors are expected to perform their duties diligently, with integrity and in a manner which continues to create sustainable value for the shareholder, and in compliance with the duties and obligations imposed upon them by the Bank's By-Laws and the general law. The approach used to review the performance of the Board as a whole and of individual directors is set out below.</p> <p>On an annual basis, the Corporate Secretary will circulate a board performance questionnaire, which addresses various performance criteria, including but not limited to, the following:</p> <ul style="list-style-type: none"> • effectiveness of the collective Board and its oversight and contribution to the Company • the Board's relationship to management • the quality of information provided to the Board • the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of INPH. <p>Following collation of individual responses to the questionnaire, the Chairman will lead a Board discussion of these findings and any proposed remedial actions and, as appropriate, will discuss the findings with individual directors.</p> <p>In addition, the Chairman may conduct annual one-on-one meetings with individual directors to discuss their individual performance and contribution to identify any ways of making individual directors more effective, should the need arise.</p>	<p>Minutes of the meeting discussing the results of the board effectiveness survey.</p> 
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT			
3. The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT			
4. The performance of each committee is assessed annually by the Board.	COMPLIANT			
5. Every three years, the assessments are supported by an external facilitator.	NA	Identify the external facilitator and provide proof of use of an external facilitator.	N/A - The revised Corporate Governance circular states ' Every three years, the assessment may be supported by an external facilitator - The Company has no plans of engaging an external facilitator as it is a small company and as it is a wholly-owned subsidiary of the HSBC Group, it observes the group corporate governance principles and policies.	N/A

Recommendation 6.2

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.	COMPLIANT	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors	The Board performs an annual assessment of its own effectiveness and that of its committees. Each director participates and evaluates the performance of the Board and board committees based on a set of performance criteria adopted from HSBC Group which includes management performance, CEO/executive oversight, director self-assessment, board behaviours, and board culture and effectiveness.	<p>Company's Board Charter</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
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2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	and committees, including a feedback mechanism from shareholders.	The results of these collective self-assessments are reviewed and discussed at the Board. The assessment results are used constructively to discuss improvement opportunities for the Board and board committees.	
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	<p>As HSBC Insurance Brokers (Philippines) Inc. is a 99.9% owned subsidiary of the HSBC Group and as its shares are not listed on a regulated market, the Company refers to the Corporate Governance Code for HSBC Group companies.</p> <p>The HSBC Global Principles are based on our values, our strategy and our prudent approach to risk management. Everyone in the HSBC Group is expected to reflect the values in how they behave and conduct business. This will ensure that we treat colleagues and customers fairly and that the financial markets, on which we all rely, operate in an orderly and transparent way. This builds trust and confidence not only with colleagues and customers but also with our regulators, shareholders and the communities we serve.</p> <p>Good conduct at HSBC means that we deliver fair outcomes for customers, and maintain the orderly and transparent operation of financial markets. We exist to serve our customers. Our approach to conduct helps us ensure that we know and understand them and deliver products and services that meet their genuine needs.</p> <p>The HSBC Values are inculcated throughout the HSBC Group thru the performance management system, where employees are assessed not only on what they have done, but whether their behavior was aligned to the Values. As support, annual mandatory training courses are also provided to employees.</p> <p>Refer to the HSBC Group Code of Conduct found in https://www.hsbc.com/our-approach/risk-and-responsibility/our-conduct</p> <p>The HSBC Global Principles are cascaded to the independent non-executive directors through induction and the annual mandatory training courses.</p>	https://www.hsbc.com/-/files/hsbc/our-approach/risk-and-responsibility/pdfs/200930-statement-of-business-principles-and-code-of-conduct.pdf?download=1(opens in new window)
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT			
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT		The Code of Conduct for uploading in the Company's webpage.	

Recommendation 7.2

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	As a wholly-owned subsidiary of HSBC, the Company has adopted the HSBC Values, which are aimed at promoting and maintaining high levels of professional conduct of the business. These values emphasize, among others, integrity, honesty and proper conduct at all times, both with respect to internal dealings and external transactions.	https://www.hsbc.com/-/files/hsbc/our-approach/risk-and-responsibility/pdfs/200930-statement-of-business-principles-and-code-of-conduct.pdf?download=1(opens in new window)
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	All employees of the Company are required to undergo training on the HSBC Values and such values are inculcated throughout the Company through the performance management system, where employees are assessed not only on what they have done, but whether their behavior was aligned to the Values.	
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	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	Twice a year, the Board considers the Company's Balance Sheet and Profit and Loss Statement based on the following: (i) that it has been prepared in accordance with HSBC Group Accounting Policies, which require that they conform with International Financial Reporting Standards; (ii) by conforming with International Financial Reporting Standards that it presents fairly the state of affairs of the Company at the half-year and full-year end and of the profit of the Company; (iii) the balance sheet and profit and loss statements are continued to be prepared on the going concern basis, that the Company has the resources to continue in business for the foreseeable future; (iv) the internal control systems relating to financial reporting of the Company appear adequate and appropriate for the business carried on - where deficiencies or weaknesses have been identified, these do not undermine the reliability of the financial statements and management are in the process of taking appropriate steps to remedy them; (v) no significant breaches of law or regulations have been brought to the attention of the Committee other than through reports made via the Compliance or Legal functions; (vi) there is no relevant audit information (being information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are not aware.	1) Company's Annual Financial Statement 2) Minutes of the Annual Stockholder's Meeting noting the certification to the Group Audit and Risk Committee 
Recommendation 8.3				
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	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences,	Refer to the Biographical Details of Directors and Management" in the Company's Corporate Governance Report.	Company's Corporate Governance Report

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.		expertise and relevant trainings attended.		
Recommendation 8.4				
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	<p>Remuneration is aligned to the HSBC Group's remuneration policy and practices which promote sound and effective risk management and support our business objectives.</p> <p>The Company's remuneration strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career while performing their role in the long-term interests of our stakeholders. Total compensation (fixed pay and variable pay) is the key focus of our remuneration framework, with variable pay (namely annual incentive and the value of long term incentives) differentiated by performance and adherence to HSBC values.</p> <p>Where employees are eligible to be considered for a discretionary variable pay award, the amount will be determined based on overall group affordability, any adjustment relating to recognition and conduct, individual performance and adherence to HSBC values.</p>	Remuneration HSBC Holdings plc https://www.hsbc.com/who-we-are/leadership-and-governance/remuneration
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 the Revised Corporation Code.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	<p>Based on these principles, our approach to determining remuneration is based on the following objectives:</p> <ul style="list-style-type: none"> - Offering our employees a competitive total reward package. This includes market competitive fixed pay levels, which ensures our employees are able to meet their basic day-to-day needs; - Maintaining an appropriate balance between fixed pay, variable pay and employee benefits, taking into consideration an employee's seniority, role, individual performance and the market; <p>Ensuring variable pay is awarded on a discretionary basis and dependent upon Group, business and individual performance;</p> <ul style="list-style-type: none"> - Offering employee benefits that are valued by a diverse workforce, appropriate at the local market level and support HSBC's commitment to employee well-being; - Promoting employee share ownership through variable pay deferral or voluntary enrolment in an all employee share plan; and - Linking reward packages to performance and behaviour with no bias towards an individual's ethnicity, gender, age, or any other characteristic. 	

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	PARTIALLY COMPLIANT	Provide breakdown of director remuneration and <u>executive compensation</u> , particularly the remuneration of the CEO.	<p>The Company is a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation Ltd (HSBC). As such, Company's remuneration is aligned to HSBC Group's remuneration policy and practices. HSBC Group has full knowledge of the remuneration of the executive directors and non-executive directors employed by HSBC Group. <u>The Board is also of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the remuneration of each of these individuals is not in the best interests of the Company and may affect adversely the cohesion and spirit of team work prevailing amongst the employees of the Company and the parent Company. Since the Company is a wholly-owned subsidiary of the HSBC Group, providing such remuneration details will prejudice the Company and the parent Company's interests in relation to its competitors, given the highly competitive conditions in the financial industry where poaching of executives is common place.</u></p> <p>As a matter of policy, executive directors and non-executive directors employed by HSBC Group do not receive any remuneration or fees for their services as directors for the Company.. The remuneration for such directors is delivered in their capacity of employees of the HSBC Group and is decided in line with HSBC Group's remuneration policy.</p> <p>For the independent no-executive directors, their total annual compensation is one of the items booked under "Professional Fees" in the Company's Audited Financial Statement (page 8).</p> <p>Director departure provisions are documented in the Company's Board Charter</p>	
Recommendation 8.5				
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	<p>Disclose or provide reference/link to company's RPT policies.</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>Provide information on all</p>	<p>Policies on material related party transactions are established at HSBC Group level for all HSBC entities and the Company also complies with the local regulatory requirements.</p> <p>In 2020, the Company has various transactions with its related parties which includes normal transactions and an agreement to provide services and use of equipment. The effects of the transactions are presented on page 11, 22, 23 and 43 of the Company's 2020 Audited Financial Statement. Note: The Board approves the Company's annual financial statements.</p>	<p>Company's Audited Financial Statement</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>


2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	RPTs for the previous year on reference to a document containing the following information on all RPTs: 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of transaction; 5. Amount of contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e. name of the board of directors approving, names and percentage of shareholders who approved) Based on the company's policy; and 9. Other terms and conditions.		
Recommendation 8.6				
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	The Company's Board Charter is found in the public webpage.	https://www.hsbc.com.ph/insurance/#content_main_title_4
2. Company's MCG is posted on its company website.	COMPLIANT			

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

Recommendation 9.1				
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	<p>The Company's Audit and Risk Committee Terms of Reference has a section stating:</p> <p>5.3.1 review the terms of appointment, re-appointment, or removal of the external auditor and approve their remuneration and terms of engagement, and make recommendations to the Board for approval by the Company's shareholder;</p> <p>The on-boarding of the external auditor is being recommended by the Audit</p>	<p>Company's Audit and Risk Committee Terms of Reference</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</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.	COMPLIANT	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	and Risk Committee and its appointment is approved by the Board during the annual stockholders meeting.	
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.	COMPLIANT	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	<p>Unless local regulations prescribe an alternative audit structure, the HSBC Group's philosophy is to employ, wherever possible, a single firm of external auditors for its worldwide operations; currently that auditor is PricewaterhouseCoopers LLP ('PwC'). PwC are referred to as the Group's principal accountants. Please refer to the link provided for a copy of the Group's announcement of change in external auditor.</p> <p>The Company's Board of Directors annually approves the principal accountants during the Annual Stockholders Meeting. and the Company's Audit and Risk Committee is given the responsibility to review the terms of appointment, re-appointment, or removal of the external auditor and approve their remuneration and terms of engagement, and make recommendations to the Board for approval.</p> <p>Since incorporation, the Company did not experience an incident where it had to remove an external auditor.</p>	https://www.hsbc.com/-/files/hsbc/investors/results-and-announcements/stock-exchange-announcements/2013/august/130802-e-change-of-auditor.pdf
Recommendation 9.2				
1. Audit Committee Charter includes the Audit Committee's responsibility on:	COMPLIANT	Provide link/reference to the company's Audit Committee Charter.	<p>The Company's Audit and Risk Committee Terms of Reference states that the Company's Board has delegated to the Committee oversight of:</p> <p>(a) matters relating to financial reporting and internal financial controls, in particular reviewing: (i) the integrity of the financial statements, Pillar 3 disclosures (where relevant), formal announcements and disclosures relating to financial performance; (ii) the effectiveness of Internal Audit and the external audit process; and (iii) the effectiveness of internal financial control systems; and</p> <p>review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process, considering relevant professional, regulatory and other requirements;</p>	<p>Company's Audit and Risk Committee Terms of Reference</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
i. assessing the integrity and independence of external auditors;				
ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and				
iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter.		
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's				

suitability and effectiveness on an annual basis.				
Recommendation 9.3				
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.	COMPLIANT	Disclose the nature of non-audit services performed by the external auditor, if any.	The Company's external auditor, PWC doesn't provide non-audit services to the Company. PWC will disclose this in the audited annual financial statements as and when it provides such services to the Company.	Company's Annual Financial Statement https://www.hsbc.com.ph/insurance/#content_main_title_4
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Provide link or reference to guidelines or policies on non-audit services.		
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.				
Recommendation 10.1				
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	As part of the HSBC Group, we are committed to sustainable growth. We recognise that how we do business is just as important as what we do. Our business has an impact on people all over the world – including customers, employees, suppliers, regulators, investors, and the wider communities we serve. Being sustainable means building strong relationships with these stakeholders and taking into account the issues that matter to them. Please refer to the ESG report issued by the Company's parent/holding company to find out more about how different stakeholder groups are being supported and how businesses are done in a responsible way.	ESG reporting and policies HSBC Holdings plc https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Provide link to Sustainability Report, if any. Disclose the standards used.		
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.				
Recommendation 11.1				
The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner	COMPLIANT	Disclose and identify the communication channels used by the company (i.e.. website, Analyst's briefing, Media briefings /press	The Company's webpage is found in https://www.hsbc.com.ph/insurance/	


of disseminating relevant information to the public.		conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.		
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.				
Recommendation 12.1				
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system.</p>	<p>The primary role of the HSBC Global Internal Audit (GBL INA) is to help the Board and Executive Management to protect the assets, reputation and sustainability of the HSBC Group. GBL INA provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by management, is adequate.</p> <p>The Group has adopted a risk management and internal control structure, referred to as the "Three Lines of Defence", to ensure it achieves its commercial aims while meeting regulatory and legal requirements and its responsibilities to shareholders, customers and staff. GBL INA's role as the third line of defence is independent of the first and second lines of defence.</p> <p>In cases where GBL INA performs similar testing or monitoring activities to those undertaken by the first or second lines of defence, these are undertaken as part of GBL INA's independent assurance role and are not to be relied upon by management as a substitute for, or supplement to, first or second line of defence activities.</p> <p>Please see the Group's Internal Audit Charter for more details.</p>	<p>Global Internal Audit Charter</p> <p></p>

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>Identify international framework used for Enterprise Risk Management.</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>The HSBC Group Enterprise Risk Management Framework (ERMF) provides an effective and efficient approach to govern and oversee the organisation and monitor and mitigate risks to the delivery of our strategy. It applies to all categories of risk, covering core governance, standards and principles that bring together all of the Group's risk management practices into an integrated structure. Some of the key elements that the ERMF covers are:</p> <p>Risk Management Responsibilities The Three Lines of Defence outlines three essential columns of responsibility for risk management, defined by activities performed. RC Risk Stewards are in the Second Line of Defence.</p> <p>Risk Governance ERM must be governed in an efficient and effective way, ensuring adequate monitoring and escalation of matters relating to one or more of the risk types and the interaction and balance between them.</p> <p>Risk Culture HSBC's values of being open, connected and dependable are the bedrock of our risk culture. All employees are expected to reflect these values by acting with courageous integrity; speaking up, escalating concerns, and doing right by our customers, communities and each other.</p> <p>The Company's Corporate Governance Report (Approach to Risk) provides more details.</p>	<p>Company's Corporate Governance Report</p> <p>https://www.hsbc.com.ph/insurance/#content_main_title_4</p>
Recommendation 12.2				
1. Company has in place an independent internal audit function that provides an independent objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	<p>Disclose if the internal audit is or outsourced. If outsourced, identify external firm.</p>	<p>As a wholly owned subsidiary of HSBC, the Company's internal audit services is being provided by the HSBC Global Internal Audit function.</p> <p>Please refer to the Group's Internal Audit Charter for more details.</p>	<p>https://www.hsbc.com/who-we-are/leadership-and-governance/corporate-governance-codes/internal-control</p>
Recommendation 12.3				
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	<p>The Group Head of Internal Audit or his representative attends the company's Audit and Risk Committee meetings but does not participate in decision making.</p> <p>Please refer to the Group's Internal Audit Charter for more details.</p>	<p>https://www.hsbc.com/who-we-are/leadership-and-governance/corporate-governance-codes/internal-control</p>

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT			
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	N/A	Identify qualified independent executive or senior management personnel, if applicable.	N/A. Internal Audit is executed via the HSBC Global Internal Audit function.	N/A
Recommendation 12.4				
The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Provide information on company's risk management function.	As a wholly owned subsidiary of HSBC, the Company adopts the HSBC Risk Management Framework ("RMF") which supports our Global Principles. The Global Principles guide all that we do at HSBC, embodied in our strategy, our values, how we conduct our business, and how we manage risk. Please refer to the Company's Corporate Governance Report (Approach to risk) for details.	Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4
Recommendation 12.4				
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).	COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Company's Chief Risk Officer (CRO) is Mary Ann Ramirez. The CRO holds executive accountability for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management framework. He/she is also responsible for the oversight of reputational risk, with the support of the Group Reputational Risk Committee.	Company's Corporate Governance Report https://www.hsbc.com.ph/insurance/#content_main_title_4
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT		Refer to the Biographical Details of Directors and Management" in the Company's Corporate Governance Report.	

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

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	N/A	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	N/A as the Company is not a publicly listed company (it is a wholly owned subsidiary of HSBC Banking Corporation Ltd).	N/A
2. Board ensures that basic shareholder rights are disclosed on the company's website.		Provide link to company's website		
Recommendation 13.2				
3. 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	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement</p>	<p>The formal Notice and Agenda was sent out a week before the actual meeting but to ensure complete attendance, a calendar invite is sent out to all directors 26 days prior to the meeting.</p> <p>There were no material changes included in the agenda of the 2020 annual stockholder's meeting; the usual agenda was as follows -</p> <ul style="list-style-type: none">a. Call to Orderb. Certification of Notice and Quorumc. Approval of the Minutes of the Annual Stockholders Meeting in 2019d. Reports<ul style="list-style-type: none">- President's Report- Treasurer's Reporte. Confirmation and Ratification of Acts and Resolutions of the Board of Directors and Officers of the Corporationf. Election of Directorsg. Amendment of the Bylaws of the Corporation to Allow Participation of Stockholders in Meetings via Remote Communication or In Absentiah. Appointment of External Auditori. Adjournment	<p>Stockholders Notice, Agenda and Proxy Form Document.</p> 
Recommendation 13.3				
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.	N/A	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	<p>N/A. "The Company is a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation, Limited ("HSBC"). 99% of its shares is held by HSBC.</p> <p>HSBC Insurance Brokers (Philippines) Inc. ("INPH" or the "Company") was incorporated in The Philippines and is a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation Limited ("HBAP"), with HSBC Holdings plc ("HSBC PLC") as the ultimate parent."</p>	N/A
Minutes of the Annual and Special Shareholders' Meetings are available on the company website within	COMPLIANT	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including	Minutes are uploaded in the Company's webpage.	

five business days from the end of the meeting.		the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any.		
Recommendation 13.4				
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	N/A	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	N/A. An intra-corporate dispute as one which arises between a stockholder and the corporation or among the stockholders involving internal affairs of the corporation. This is N/A to the Company because it is a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation Limited ("HBAP"), with HSBC Holdings plc ("HSBC PLC") as the ultimate parent.	N/A
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.		Provide link/reference to where it is found in the Manual on Corporate Governance.		
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.				
Recommendation 14.1				
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	As part of the HSBC Group, we are committed to sustainable growth. We recognise that how we do business is just as important as what we do. Our business has an impact on people all over the world – including customers, employees, suppliers, regulators, investors, and the wider communities we serve. Being sustainable means building strong relationships with these stakeholders and taking into account the issues that matter to them. Please refer to the ESG report issued by the Company's parent/holding company to find out more about how different stakeholder groups are being supported and how business are done in a responsible way.	HSBC Group Environmental, Social and Governance (ESG) Review https://www.hsbc.com.ph/insurance/#content_main_title_4
Recommendation 14.2				
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Identify policies and programs for the protection and fair treatment of company's stakeholders.	The HSBC's values reflect how we interact with customers and colleagues, regulators and the wider community. Our values define who we are as an organisation and what makes us distinctive. HSBC brings these values to life through our day-to-day actions. We are committed to putting our values at the heart of how we behave. HSBC's values guide us in what is important. We are: a. Open to different ideas and cultures; b. Dependable and we do the right thing; and c. Connected to customers, communities, regulators and each other. More details are provided into the HSBC's Statement of Business Principles and Code of Conduct.	https://www.hsbc.com/-/files/hsbc/our-approach/risk-and-responsibility/pdfs/200930-statement-of-business-principles-and-code-of-conduct.pdf?download=1 (opens in new window)

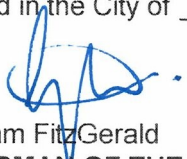
Recommendation 14.3				
Board adopts a transparent and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	Provide the contact details (i.e. name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.	The Company's employees have every opportunity to escalate concerns or known violations of company ethics or workplace policies. In the very rare circumstances when an employee witnesses or experiences a possible incident of alleged wrongdoing or violation of company policy, he/she can report it to a manager, a senior manager, human resources, compliance, or raise it on HSBC Confidential, a portal for employees to raise such issues in confidence, without fear of retaliation. Employees may report actual or suspected unlawful activity or violation of company policy to: (i) the Group Compliance Disclosure Line; (ii) a Human Resources professional; (iii) via Human Resources Solutions; and (iv) his/her manager (where appropriate). Matters relating to accounting and internal financial controls or auditing matters can also be reported through accountingdisclosures@hsbc.com. They are covered by the same policy standards as HSBC Confidential.	https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up
	COMPLIANT	Provide information on whistleblowing policy, practices and procedures for stakeholders.		
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.				
Recommendation 15.1				
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.	COMPLIANT	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	The HSBC Group runs a Snapshot survey every six months and report insights to our Group Executive Committee and the Board. Results are shared across the Group to provide managers in each region with a better understanding to plan and make decisions. HSBC fosters an environment where people can speak up to remove barriers to success, and collaborate to put the best ideas into practice. Encouraging colleagues to speak up is one of HSBC's thrusts because the organization believes that change only happens when people speak up.	HSBC Group Engagement with Stakeholders https://www.hsbc.com.ph/insurance/#content_main_title_4
Recommendation 15.2				
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.	COMPLIANT	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	The Company as a wholly owned subsidiary of HSBC adopts the anti-corruption and anti-bribery policy of the Group which states - We are committed to high standards of ethical behaviour and operate a zero-tolerance approach to bribery and corruption, which we consider unethical and contrary to good corporate governance. Our anti-bribery and corruption policy sets the framework for the Group to comply with anti-bribery and corruption legislation in all jurisdictions in which we operate, and gives practical effect to global initiatives. The principal risks addressed by our anti-bribery and corruption policy are the risk that our employees, associated persons or customers engage in bribery or corruption, or that the Group does so through its strategic activities.	https://www.hsbc.com/who-we-are/esg-and-responsible-business/fighting-financial-crime/financial-crime-risk-policies

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Identify how the board disseminated the policy and program to employees across the organization.	The anti-corruption and anti-bribery policy is embedded in the HSBC Code of Conduct. The policy is embedded in the Company's policies and procedures and various informal training and formal trainings are being made available to both employees and directors as support.	
Recommendation 15.3				
Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	Disclose or provide link to company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation, Provide contact details to report any illegal or unethical behavior.	INPH is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited (the Bank). It is a member of the HSBC Group of companies and is ultimately owned by HSBC Holdings PLC. As such, the Brokerage is subject to the same Whistleblowing policies and procedures of the HSBC Group. All HSBC whistleblowing activities use a single process called "HSBC Confidential" which promotes consistency in controls, investigation, reporting, oversight, and governance. These arrangements cover all business lines, functions and entities.	Speaking up HSBC Holdings plc https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT			
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	As of the date of this report, the Company is reporting NIL incident on whistleblowing. The Board has delegated authority to the Audit and Risk Committee to review the effectiveness of the HSBC's whistleblowing arrangements.	Speaking up HSBC Holdings plc https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up
Recommendation 16				
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.	COMPLIANT	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	Refer to the HSBC Group ESG Policy in https://www.hsbc.com/our-approach/esg-information/esg-reporting-and-policies	https://www.hsbc.com/our-approach/esg-information/esg-reporting-and-policies

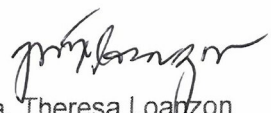
CERTIFICATION


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


Signed in the City of _____ on the 01 JUN 2021 of _____ 2021.


Graham FitzGerald
CHAIRMAN OF THE BOARD
Signature over printed name


Jennifer Infante
PRESIDENT / CEO
Signature over printed name


Ma. Theresa Loanzon
INDEPENDENT DIRECTOR
Signature over printed name

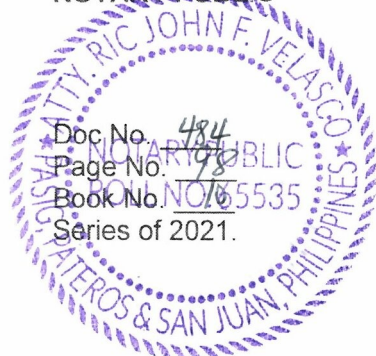

Homer Figueroa
INDEPENDENT DIRECTOR
Signature over printed name



Atty. Florina Tan
CORPORATE SECRETARY
Signature over printed name

01 JUN 2021
SUBSCRIBED AND SWORN to before me this _____ day of _____, 2021, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NUMBER	DATE/PLACE ISSUED
1. Graham David FitzGerald	Passport 536699427	08 May 2017/HMPO
2. Jennifer Infante	Passport P7690318A	27 June 2018/DFA Manila
3. Ma. Theresa Xerez-Burgos Loanzon	Driver's License N11-71-016376	04 Oct 2018
4. Homer Figueroa	Passport P4868652A	28 Oct 2017/DFA NCR North
5. Atty. Florina Tan	Passport P0756609A	26 Oct 2016/DFA Tacloban

NOTARY PUBLIC




RIC JOHN F. VELASCO
Roll No. 65535
Commission No. 28
Notary Public for Pasig, Pateros, San Juan
Until December 31, 2021
PTR No. 5242683, January 5, 2021, Pasig City
IBP No. 137518, January 4, 2021, Quezon City
MCLE Compliance No. VI-0003222, September 26, 2017

PUBLIC