

# Annual Corporate Governance Report

HSBC INVESTMENT AND INSURANCE BROKERAGE,  
PHILIPPINES INC. (FORMERLY HSBC INSURANCE BROKERS  
PHILIPPINES, INC.)

PREPARED BY DIANE JOYCE A TAN

ANNUAL CORPORATE GOVERNANCE REPORT OF  
**HSBC Investment and Insurance Brokerage, Philippines Inc.**  
**(Formerly HSBC Insurance Brokers Philippines, Inc.)**

1. For the calendar year ended 31 December 2023.
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 5<sup>th</sup> Avenue West BGC Taguig 1634
5. Company's telephone number: 02 8581-8458
6. Company's official website: [Wealth Management | Protect You and Your Family - HSBC PH](#)

**HSBC Investment and Insurance Brokerage, Philippines Inc.**  
**Annual Corporate Governance Report**

RECOMMENDATION	COMPLIANT /NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION	DOCUMENT
<p style="text-align: center;">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.</p>				
<b>Recommendation 1.1</b>				
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> <li>1. Academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors</li> <li>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</li> </ol>	<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 Senior Management” in the Company's Corporate Governance Supporting Document.</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</p>	<ol style="list-style-type: none"> <li>1) Company's Corporate Governance Supporting Document</li> <li>2) Board Charter</li> <li>3) Nomination Committee Terms of Reference</li> </ol>

<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>			<p>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, considering 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. 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>	
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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 of December 2023, the Board comprises seven members. Out of the members, two are independent non-executive directors, two are non-executive directors and two executive directors. They are:</p> <ol style="list-style-type: none"> <li>1. Sandeep Uppal - Non-Executive Director</li> <li>2. Claudia Santander* - Executive Director</li> <li>3. Peter Faulhaber - Non-Executive Director</li> <li>4. Margot Foronda - Executive Director</li> <li>5. Colin Drummond - Non-Executive Director</li> <li>6. Margarita Batino** - Independent Non-Executive Director</li> <li>7. Homer Figueroa – Independent Non-Executive Director</li> </ol> <p>*Ms. Santander was appointed as President and Executive Director on March 6, 2023.  ** Ms. Batino was appointed as Independent Director on November 24, 2023.</p>	<p>1) The Company's Corporate Governance Supporting Document</p> <p>2) Company's General Information Sheet</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 2021 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>	Company's Board Charter (5. Roles and Responsibilities of Directors).
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**Recommendation 1.4**

1. Board has a policy on board diversity.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	<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 recognize 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 of 31 Dec 2023, the Board has three women directors out of the seven members.</p>	Company's Board Charter (Board Succession Planning)
<b>Recommendation 1.5</b>				
1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties, and functions.	Perez Gumar Tan Javier and Velasco (Formerly 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 the Company nor one of the directors of the Board.	Refer to the Biographical Details of Directors, Officers, and Senior Management in the Annual Report.
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.	COMPLIANT	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	The Company's Corporate Secretary, Atty. Florina Tan completed her annual Corporate Governance Refresher Course with the Institute of Corporate Directors on 7 and 8 November 2023.	Refer to appended training certificate. 
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#### 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.	As of December 2023, the Company's designated Compliance Officer is Mr. Paolo John Purganan. He holds a title of a Vice-President in HSBC Philippines and is interlocked with the Company. Further, he is not a member of the Board.	Refer to the Biographical Details of Directors, Officers, and Senior Management in the Annual Report.
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.		Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	The Company's Compliance Officer, Mr. Paolo John Purganan, completed his annual Corporate Governance Refresher Course with the Institute of Corporate Directors on 6 and 7 June 2023.	Refer to appended training certificate. 

**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"> <li>- The Board has oversight responsibility for decisions made and actions taken by the Company and for all outcomes.</li> <li>- The Board must always have regard to the interests of customers.</li> <li>- The Board shall have a policy of renewal to provide reinvigoration of the Board.</li> <li>- The Board shall have access to all the necessary information and expertise to fulfil its responsibilities.</li> <li>- The Board's focus shall always be on the sound and prudent management of the Company.</li> <li>- 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.</li> <li>- 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.</li> </ul>	Company's Board Charter (Principles)
<b>Recommendation 2.2</b>				
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p> <p>Indicate frequency of review of business objectives and strategy.</p>	The Company's 2023 financial plan is presented to the Board on an annual basis (refer to BOD meeting minutes dated 23 February 2023).	Submitted Board meeting minutes.
<b>Recommendation 2.3</b>				

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.	<p>The Company's Chairperson is Mr. Sandeep Uppal was elected as Non-Executive Director and Board Chairman in June 2022. Mr. Uppal is the President and Chief Executive Officer of HSBC Philippines, which comprises the foreign banking operations, the locally incorporated HSBC Savings Bank (Philippines), Inc. Prior to this, Sandeep was Global Co-Head of International Subsidiary Banking for HSBC Commercial Banking based in Hong Kong, and responsible for managing the Bank's Large Corporate and Mid-Market subsidiary clients across 54 markets. With over 31 years' experience in the banking industry, of which 29 years with HSBC, Sandeep has held senior management positions in Commercial Banking, Corporate Banking, Trade Services, Private Banking, Personal Banking and Strategic Planning. Throughout his career, he has worked in India, the Philippines, Hong Kong, United Kingdom and Mauritius. Sandeep holds an MBA from XLRI, India and is an economics graduate from Delhi University.</p>	Company's Corporate Governance Supporting Document
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"> <li>1. consider the size and composition of the Board and recommend any necessary changes.</li> <li>2. recommend individuals for nomination as potential new non-executive directors; and</li> <li>3. recommend candidates to board committees.</li> </ol> <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>	1) Board Charter (Succession Planning-Director's Departure)
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).	
<b>Recommendation 2.5</b>				


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.	<p>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> <p>The following key principles guide our remuneration decisions. We aim to:</p> <ul style="list-style-type: none"> <li>• Focus on total compensation with a strong link between pay and performance.</li> <li>• Judge not only what is achieved, but also how it is achieved, and whether it is in line with the HSBC Values</li> <li>• Operate a thorough performance management and HSBC Values assessment process.</li> <li>• Recognize and reward our employees for outstanding positive behaviour.</li> <li>• Design our policy to align compensation with long-term stakeholder interests.</li> <li>• Apply consequence management to strengthen the alignment between risk and reward.</li> </ul> <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>	<a href="https://www.hsbc.com/who-we-are/leadership-and-governance/remuneration">https://www.hsbc.com/who-we-are/leadership-and-governance/remuneration</a>
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.				
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.				

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, considering 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.	The Company's Nomination Committee Terms of Reference
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.		<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 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>	The Company's Board Charter (Director Selection and Appointment)
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

<p>4. Board nomination and election policy includes how the board reviews nominated candidates.</p>	<p>COMPLIANT</p>		<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 directorships for the Board.</p> <ul style="list-style-type: none"> <li>• The nature of the business of the corporate, where he is a director.</li> <li>• Number of directorships/active memberships and officerships in other corporations or organizations; and</li> <li>• Possible conflicts of interest.</li> </ul>	<ol style="list-style-type: none"> <li>1) The Company's Board Charter (Director Selection and Appointment)</li> <li>2) The Company's Nomination Committee Terms of Reference.</li> </ol>
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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. 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"> <li>•effectiveness of the collective Board and its oversight and contribution to the Company.</li> <li>•the Board's relationship to management.</li> <li>•the quality of information provided to the Board.</li> <li>•The effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of the Company.</li> </ul> <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>	The Company's Board Charter
6. Board has a process for identifying the quality of directors that is aligned the company.				

#### Recommendation 2.7


<p>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.</p> <p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p> <p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	COMPLIANT	<p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs. Identify transactions that were approved pursuant to the policy.</p>	<p>Policies on material related party transactions (RPT) 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 2023, 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 12 in the Company's 2023 Audited Financial Statement.</p>	<p>1) Refer to page 12 of the Company's Annual Financial Statements showing RPT disclosure; and</p> <p>2) Refer to the Company's RPT Policy.</p> <p></p>
<b>Recommendation 2.8</b>				
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	COMPLIANT	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed.</p>	<p>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 the Company collectively have the full range of skills needed for the effective and prudent operation the Company, 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.</p>	<p>The Company's Board Charter</p>



<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>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> <p>1) The Board shall ensure that there is an effective process in place to ensure that senior management of the Company collectively have the full range of skills needed for the effective and prudent operation of the Company, and for assessing their performance; and</p> <p>2) The Board shall have procedures for assessing the performance of the collective Board and individual directors.</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"> <li>• effectiveness of the collective Board and its oversight and contribution to the Company</li> <li>• the Board's relationship to management</li> <li>• the quality of information provided to the Board.</li> <li>• the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of the Company.</li> </ul> <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 questions asking the directors for comments relating to Management Performance, President/Executive Oversight.</p>	
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Recommendation 2.9				
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	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: <ul style="list-style-type: none"><li>effectiveness of the collective Board and its oversight and contribution to the Company</li><li>the Board's relationship to management</li><li>the quality of information provided to the Board.</li><li>the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of the Company.</li></ul>	The Company's Board Charter
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		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.  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.	
Recommendation 2.10				

<p>1. Board oversees that an appropriate internal control systems is in place.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</p>	<p>The Board is responsible for oversight of the risk management framework (including a view of the risk culture) that is consistent with the Company's strategic objectives and business plan while ensuring an effective system of risk management and internal control is established and maintained. 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. 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) The Company's Board Charter 2) Audit and Risk Terms of Reference</p>
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members, and shareholders.</p>	<p>COMPLIANT</p>		<p>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. 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 organization 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>

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>Refer to the appended HSBC Group Internal Audit Charter</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 organization 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>	Refer to the appended Company's Corporate Governance Supporting Document
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT		<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>	
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 the Company's 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.	The Company's Board Charter
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.	Refer to the Terms of Reference of each committee.
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.	Refer to the Company's Audit and Risk Terms of Reference.
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 Senior Management" in this Annual Report.	Refer to the Company's Corporate Governance Supporting Document
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.	Refer to the Company's Corporate Governance Supporting Document
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 GIS
<b>Recommendation 3.3</b>				

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. 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. 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.	Terms of Reference of each committee
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.		
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.		
Recommendation 3.4				



1.Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	As HSBC Investment and Insurance Brokerage, 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:  <ul style="list-style-type: none"><li>that all businesses and subsidiaries manage risk in the same way across the HSBC Group.</li><li>promote a strong risk culture: managing risk is simply part of how we work.</li><li>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.</li><li>deliver fair outcomes for customers and maintain the orderly and transparent operation of financial markets.</li></ul> The risk management policies are set out in the section "risk management" in the Corporate Governance Report.  Additionally, he Risk Oversight function folds into the Audit and Risk Committee.	Company's Board Charter (Approach to Risk)  Audit and Risk Committee Terms of Reference
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				



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 Investment and Insurance Brokerage, 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 2023 which can be found in the Company's corporate website. In the 31 Dec 2023 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 12).	Refer to the Audited Financial Statements of the Company.
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.		
<b>Recommendation 3.6</b>				
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	Refer to the Company's Committee's Terms of Reference (TOR) uploaded in the Company's webpage.	Refer to the Terms of Reference of each committee.  <a href="#">Wealth Management   Protect You and Your Family - HSBC PH</a>
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
		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 Board meetings in 2023 is 85%. The Audit and Risk Committee Meeting attendance is 93% and EXCO meeting attendance is 100%. The attendance performance is available in Annual Stockholder's Meeting Minutes.	Refer to the appended 2023 Annual Stockholders Meeting Minutes 
2. The directors review meeting materials for all 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.	Meeting materials are circulated ahead of the meeting date to provide ample time for directors to review the materials.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT		Refer to the 2023 Annual Stockholder Meeting Minutes	2023 Annual Stockholder Meeting Minutes 


**Recommendation 4.2**

1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly- listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	<p>Refer to the Company's Board Charter (5. Roles and Responsibilities of Directors)</p> <p>Refer to the Biographical Details of Directors, Officers, and Senior Management" in the Company's Corporate Governance Report.</p>	<p>1) Refer to the Company's Board Charter</p> <p>2) Refer to the appended Company's Governance Supporting Report.</p>
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**Recommendation 4.3**

1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	<p>The Company has a memorandum with its non-executive independent directors pertaining to Conflict of Interest. It states that a director must not put himself/herself in a situation where in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the institution or the HSBC Group. For directors who are HSBC employees, they are governed by the HSBC Group Conflicts of Interest Policy.</p> <p>On the director's appointment to the Board, directors are requested to confirm that from the date of their appointment as a director and throughout the period of their directorships, they will not hold any such position with any other non-HSBC related bank, deposit-taking company or other type of financial institution without the prior consent of the Chairman.</p> <p>A copy of the written notification is available upon request.</p>	
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**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.	29% (2 out of 7) directors are independent directors. as outlined in the Company's GIS.	Company's GIS 
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**Recommendation 5.2**


2. 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.	<p>Refer to the Company's Board Charter for the disqualifications (Director Departure).</p> <p>Refer to the Biographical Details of Directors, Officers, and Senior Management" in the Company's Corporate Governance Report.</p>	Refer to the Company's Board Charter
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**Recommendation 5.3**

<p>1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	COMPLIANT	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p>	<p>The independent directors have a Memorandum with the Company that provides a section for term of appointment.</p> <p>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.</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years. 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.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.</p>	<p>Refer to the Company's Board Charter for the disqualifications (Director Departure).</p>	
		<p>Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.</p>	<p>As at the date of this report, the Board has not retained an independent director in the same capacity after nine years but if 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 Stockholders' Meeting.</p>	
<b>Recommendation 5.4</b>				

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 President are separate and held by unrelated individuals. Mr. Sandeep Uppal is a 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. The President is Ms. Claudia Santander. She leads the management team and implements the decisions of the Board and Board Committees. Assisted by management committees, the President 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. Refer to the Biographical Details of Directors and Management in the Company's Corporate Governance Report.	Refer to the Biographical Details of Directors, Officers, and Senior Management" in the Company's Corporate Governance Supporting Report.
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.  Identify the relationship of Chairman and CEO.		

**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
<b>Recommendation 5.6</b>				
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
<b>Recommendation 5.7</b>				
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. 2. The meetings are chaired by the lead independent director.	COMPLIANT	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	Please refer to the Sec Cert for the meeting held without management present.	Board resolution certifying meeting without management present. 
<b>Principle 6: The best measure of the Board's effectiveness performance as a body and assess whether it possesses.</b>				
<b>Recommendation 6.1</b>				
1. The Board conducts an annual	COMPLIANT	Provide proof of annual assessments conducted for the whole board, the	The Company's Board Charter has a policy for board and individual director performance where	

assessment of its performance as a whole.		individual members, the Chairman and the performance of the Chairman is assessed the Committees,	<p>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"> <li>• effectiveness of the collective Board and its oversight and contribution to the Company</li> <li>• the Board's relationship to management</li> <li>• the quality of information provided to the Board.</li> <li>• the effectiveness of the Board's engagement with and involvement in the formulation of the strategy and policies of the Company.</li> </ul> <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>	A copy of the Board Effectiveness Survey is available upon request.
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, and committees, including a feedback mechanism from shareholders.	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. 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.	Refer to the Company's Board Charter.
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT			
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.	As HSBC Investment and Insurance Brokerage, 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. 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.	<a href="https://www.hsbc.com/who-we-are/esg-and-responsible-business/our-conduct">https://www.hsbc.com/who-we-are/esg-and-responsible-business/our-conduct</a>



2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT		<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 <a href="https://www.hsbc.com/our-approach/risk-and-responsibility/our-conduct">https://www.hsbc.com/our-approach/risk-and-responsibility/our-conduct</a></p> <p>The HSBC Global Principles are cascaded to the independent non-executive directors through induction and the annual mandatory training courses.</p>	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT		<p>Please visit the Company's webpage at <a href="http://www.hsbc.com.ph">www.hsbc.com.ph</a></p>	
<b>Recommendation 7.2</b>				
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business	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	<a href="https://www.hsbc.com/who-we-are/purpose-values-and-strategy/our-values">https://www.hsbc.com/who-we-are/purpose-values-and-strategy/our-values</a>

Conduct and Ethics.			external transactions.  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.	
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.		
<b>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</b>				
<b>Recommendation 8.1</b>				
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. ( ) 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. (i) 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;	1. Refer to the Company's Audited Annual Financial Statements. 2. A copy of the Annual Certification is available upon request.

			(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.	
Recommendation 8.3				
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	Refer to the Biographical Details of Directors, Officers, and Senior Management" in the Company's Corporate Governance Supporting Report.	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.				
Recommendation 8.4				

<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration.</p>	<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.</p> <p>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>	<p>The Company refers to the following circulars issued by the IC:</p> <ul style="list-style-type: none"> <li>- IC CL issued on March 23 stating that the Annual Corporate Governance Report provided under Circular Letter (CL) No. 2020-72 dated 13 June 2020 shall be adopted in lieu of the ASEAN Corporate Governance Scorecard (ACGS) as stated in CL No.2013-14 dated 01 July 2013.</li> </ul>
<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration.</p>	<p>Based on these principles, our approach to determining remuneration is based on the following objectives:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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; Ensuring variable pay is awarded on a discretionary basis and dependent upon Group, business, and individual performance.</li> <li>- 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;</li> </ul>	

			<ul style="list-style-type: none"> <li>- Promoting employee share ownership through variable pay deferral or voluntary enrolment in an all-employee share plan; and</li> <li>- Linking reward packages to performance and behavior with no bias towards an individual's ethnicity, gender, age, or any other characteristic.</li> </ul>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	PARTIALLY COMPLIANT	Provide breakdown of director remuneration and executive compensation, 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. 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 teamwork 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 commonplace.</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. For the independent non-executive directors, their total annual compensation is one of the items booked under "Professional Fees" in the Company's Audited Financial Statement.</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	Disclose or provide reference/link to company's RPT policies. Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction. Provide information on all RPTs for the previous year on reference to a document containing the following information on all RPTs:		
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	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.	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. If there's any material related party transactions, these are disclosed in the notes to the Company's financial statements for the financial year ended 31 December 2023 which can be found from the Company's corporate website. Note: The Board approves the Company's annual financial statements.	Refer to the Company's Audited Annual Financial Statements.
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 Board Charter is available in the Company's public webpage.	<a href="#">Wealth Management   Protect You and Your Family - HSBC PH</a>

2. Company's MCG is posted on its company website.	COMPLIANT			
<b>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</b>				
<b>Recommendation 9.1</b>				
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 - 5.3.1 review the terms of appointment, reappointment, 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 and Risk Committee and its appointment is approved by the Board during the annual stockholders meeting.</p>	Company's ARC Terms of Reference
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.		

<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	<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>	<p><a href="https://www.hsbc.com/-/files/hsbc/investors/results-and-announcements/stock-exchange-announcements/2013/august/130802-e-change-of-auditor.pdf">https://www.hsbc.com/-/files/hsbc/investors/results-and-announcements/stock-exchange-announcements/2013/august/130802-e-change-of-auditor.pdf</a></p> <p>Locally, the Company's BOD approved the re-appointment of Isla Lipana &amp; Co. (PWC) as the Company's External Auditor.</p>
<p><b>Recommendation 9.2</b></p>				
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on: 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</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter.</p>	<p>The Company's Audit and Risk Committee Terms of Reference states that the Company's Board has delegated to the Committee oversight of: (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 review and monitor the external auditor's</p>	<p>Company's ARC Terms of Reference</p>



iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.			independence, objectivity, and the effectiveness of the audit process, considering relevant professional, regulatory and other requirements;	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter.		
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.	The Company's Annual Financial Statement
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.	<p>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.</p> <p>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.</p>	<a href="https://www.hsbc.com/who-we-are/esg-and-responsible-business">https://www.hsbc.com/who-we-are/esg-and-responsible-business</a>
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 of disseminating relevant information to the public.	COMPLIANT	Disclose and identify the communication channels used by the company (i.e..website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	<p>The Company's webpage is found in <a href="https://www.hsbc.com.ph/insurance/">https://www.hsbc.com.ph/insurance/</a></p>	
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**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**


<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<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>Refer to the appended HSBC Group's Internal Charter.</p>
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management. Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes</li> <li>2. How the company manages the key risks</li> <li>3. Key risks the company is currently facing</li> </ol> <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><b>Risk Management Responsibilities</b> 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><b>Risk Governance</b> 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><b>Risk Culture</b> 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>Please check the Company's Corporate Governance Supporting Report (Approach to Risk) for more details.</p>	<p>Company's Corporate Governance Supporting Report</p>
<p><b>Recommendation 12.2</b></p>				

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	Disclose if the internal audit is or outsourced. If outsourced, identify external firm.	As a wholly owned subsidiary of HSBC, the Company's internal audit services is being provided by the HSBC Global Internal Audit function. Please refer to the Group's Internal Audit Charter for more details.	Refer to the appended HSBC Group's Internal Audit Charter.
<b>Recommendation 12.3</b>				
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT			
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	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	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. Please refer to the Group's Internal Audit Charter for more details.	Refer to the appended HSBC Group's Internal Audit Charter.

3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	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.	
<b>Recommendation 12.4</b>				
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Provide information on company's risk management function.	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 Supporting Report (Approach to risk) for more details.	Company's Corporate Governance Supporting Report
<b>Recommendation 12.4</b>				
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 Mr. Michael Angelo Bituin. 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 Supporting Report

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT		Refer to the Biographical Details of Directors, Officers and Senior Management” in the Company's Corporate Governance Report.	
Principle 13: The company should treat all shareholders fairly and equitably, and 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>As a matter of practice, the formal Notice and Agenda is released a week before the actual meeting but to ensure complete attendance, a calendar invite is sent out to all directors at least 21 days prior to the meeting.</p> <p>There were no material changes included in the agenda of the 2023 annual stockholder's meeting; the usual agenda was as follows -</p> <ul style="list-style-type: none"> <li>a. Call to Order</li> <li>b. Certification of Notice and Quorum <ul style="list-style-type: none"> <li>. Approval of the Minutes of the Annual Stockholders Meeting in 2023</li> </ul> </li> <li>c. Reports <ul style="list-style-type: none"> <li>- President's Report</li> <li>- Treasurer's Report</li> </ul> </li> <li>a. Confirmation and Ratification of Acts and Resolutions of the Board of Directors and Officers of the Corporation</li> <li>d. Election of Directors</li> <li>e. Appointment of External Auditor</li> <li>f. Adjournment</li> </ul>	<p>Refer to the appended notice sent to the stockholders.</p> 
<b>Recommendation 13.3</b>				
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	N/A	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>N/A. The Company is not a listed entity hence there is no process where shareholders vote on proposals or policies.</p>	N/A



2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	COMPLIANT	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including 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.	Please refer to the Company's 2023 Annual Stockholder meeting minutes.	
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 considering 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 is done in a responsible way.	<a href="https://www.hsbc.com/who-we-are/esg-and-responsible-business">https://www.hsbc.com/who-we-are/esg-and-responsible-business</a>
<b>Recommendation 14.2</b>				
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.	<a href="https://www.hsbc.com/who-we-are/purpose-values-and-strategy/our-values">https://www.hsbc.com/who-we-are/purpose-values-and-strategy/our-values</a>
<b>Recommendation 14.3</b>				

1. 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.	<p><b>The Company's employees have every</b> 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.</p> <p>Employees may report actual or suspected unlawful activity or violation of company policy to:</p> <ul style="list-style-type: none"><li>(i) the Group Compliance Disclosure Line.</li><li>(ii) a Human Resources professional.</li><li>(vii) via Human Resources Solutions; and</li><li>(viii) his/her manager (where appropriate).</li></ul> <p>Matters relating to accounting and internal financial controls or auditing matters can also be reported through <a href="mailto:accountingdisclosures@hsbc.com">accountingdisclosures@hsbc.com</a>. They are covered by the same policy standards as HSBC Confidential.</p>	<a href="https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up">https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up</a>
	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.	<p>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.</p> <p>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.</p>	
<b>Recommendation 15.2</b>				
1. Board sets the tone and makes a stand against corrupt practices by adopting an anticorruption 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.	<p>The Company as a wholly owned subsidiary of HSBC adopts the anti-corruption and anti-bribery policy of the Group which states -</p> <p>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.</p>	<a href="https://www.hsbc.com/who-we-are/esg-and-responsible-business/fighting-financial-crime">https://www.hsbc.com/who-we-are/esg-and-responsible-business/fighting-financial-crime</a>
2. Board disseminates the policy and program to employees across the organization through trainings to	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.	

embed them in the company's culture.				
<b>Recommendation 15.3</b>				
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	<p>Disclose or provide link to company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation,</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<p>The Company 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.</p> <p>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.</p>	<a href="https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up">https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/speaking-up</a>
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	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p>	<p>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.</p>	
<b>Recommendation 16</b>				

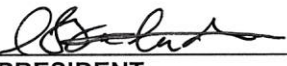
<p>Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	<p>Refer to the HSBC Group ESG Policy in <a href="https://www.hsbc.com/our-approach/esg-information/esg-reporting-and-policies">https://www.hsbc.com/our-approach/esg-information/esg-reporting-and-policies</a></p>	<p><a href="https://www.hsbc.com/our-approach/esg-information/esg-reporting-and-policies">https://www.hsbc.com/our-approach/esg-information/esg-reporting-and-policies</a></p>
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## CERTIFICATION

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

Signed in the City of **PASIG CITY** on the **28 MAY 2024** of **2024**.

  
**CHAIRMAN OF THE BOARD**  
Sandeep Uppal  
Signature over printed name

  
**PRESIDENT**  
Claudia Santander  
Signature over printed name

  
**INDEPENDENT DIRECTOR**  
Margarita Batino  
Signature over printed name


  
**INDEPENDENT DIRECTOR**  
Homer Figueroa  
Signature over printed name

SUBSCRIBED AND SWORN to before me this **28 MAY 2024**, 2024 by the following who are 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
Sandeep Uppal	Passport 554120849	02 July 2018/UK
Claudia Santander	Passport G38868189	07 Dec 2020/Mexico
Margarita Batino	Passport P649500B	16 Mar 2021/Dept. of Transportation, LTO
Homer Figueroa	Passport P80022208	27 Oct 2021/ DFA Manila
Atty. Florina Tan	Passport P0756609A	26 Oct 2016/DFA Tacloban

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**RIC JOHN F. VELASCO**  
Roll No. 65535  
Commission No. 72  
Notary Public for Pasig City & Pateros  
Until December 31, 2025  
PTR No. 0173754, January 2, 2024, Pasig City  
IBP No. 300700, January 2, 2024, Quezon City  
MCLE Compliance No. VII-0005975, November 12, 2021

PUBLIC