



PGA Sampo Insurance Corporation

COMPLIANCE MANUAL

V2020.2

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I. PREAMBLE

PGA Sompo Insurance Corporation (the “Company”), in facing the challenges of meeting its organizational goals and profitability targets is committed to discharge its corporate social responsibilities to satisfy the expectations and trust vested in the Company by the insuring public. The Company developed and designed operationally efficient tenets to observe fair business practices to protect public interests and meet its mission and vision.

The Company and all its employees and officers have formulated the Compliance Manual to be the guidelines conforming to the ideals propounded to be observed appropriately.

II. GENERAL RULES

Article 1. Purpose

This Compliance Manual was established and written to serve as reference and working guide to meet our stakeholders’ and society’s expectations in the Company’s fairness in the conduct of business.

Article 2. Scope

Every aspect of human resource administration is covered under this Compliance Manual. All employees, supervisors and officers are tasked with the responsibility of implementing the policies embodied in this Manual.

Article 3. Company’s Assistance and Appreciation

The Company shall establish programs of implementing these regulations and on the basis of individual merits, ensures that employees performing equivalent job are provided with equal opportunities.

III. CORE VALUES

To provide the highest possible quality of services to the customers, the Company, its officers, and employees shall:

1. Treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a Company;
2. Act with initiative, set ourselves the highest goals, and always learn from our actions;
3. Strive to be both prompt and clear in our dealings and activities; and
4. Act with the utmost integrity.

IV. EMPLOYEES' MENTAL ATTITUDE

Article 4. Employees' Mental Attitude

1. Every employee plays a vital role in propelling the Company to its ultimate goal. All employees are expected to dedicate their time in the performance of their tasks with integrity and maintenance of the highest standards of ethical business practice.
2. All employees are tasked to perform their duties in strict adherence to the Compliance Manual and to conduct themselves in accordance with the working guide that has been formulated.

V. BUSINESS CODE OF CONDUCT

Article 5. Business Code of Conduct

1. All employees of the Company are mandated to perform their duties in accordance with the applicable laws and/ regulations contained in this Manual.
2. It shall be the Company's objective to create an environment where ethical business practice thrives. All employees will avoid perpetuating circumstances that could result to conflict of interest, impairment of organizational integrity and efficiency of operation. Dual employment is not allowed. No one should take their positions to their personal advantage and benefit.
3. All employees are required to conduct themselves with concern and respect for the individuality of each staff and shall not practice any form of discrimination particularly in the work environment.
4. No employee should take action that may negatively reflect on or conflict with the Company's stakeholders' interest.
5. Employees must ensure that their activities do not hamper their ability to assume full responsibility of their job and are therefore not allowed to pursue any membership or association with illegal organizations or radical groups that practice subversive activities.

Article 6. Relationship with Interested Parties

1. Employees must conduct themselves in a manner that does not negatively reflect on the Company and their fellow employees. Everyone is required to keep professional relationship and deal at arm's length with any person and/or entity who are known to have commercial interests in the business that are carried out by the Company (hereinafter referred to as "Interested Parties").
2. All employees are strictly mandated to refrain from any conduct and/or relationship with such Interested Parties that may be perceived or construed as professionally unacceptable.
 - a. All employees are expected to strictly avoid any activity that may distract from or conflict with the Company's interest, particularly:
 - i. Providing or accepting any benefit (monetary, commercial or otherwise) beyond the acceptable and common business practice. This places the employee in a position of conflicting loyalties. Likewise, it lessens the efficiency, productivity or focus normally expected of the employees.

- ii. Business courtesies. Accepting/receiving gifts/entertainment, whether these are nominal value, provided or accepted free of charge or at a subsidized rate of charge, beyond acceptable and common practice. It exposes the business relationship to questions and charges of graft and corruption.
- iii. Encouraging any other employee of the Company or any Interested Party to do such prohibited actions in items a and b above; and
- iv. Soliciting discounts and/or commissions and accepting the same as a personal incentive.

Article 7. Preservation of Confidential Information

1. Privileged access to the Company's data which are confidential in nature is gained in the course of employment. All employees are bound to keep the same in strictest confidence. Divulging any confidential information and trade secrets of the Company is deemed in violation of this regulation and is considered a serious breach of discipline.

"Trade Secrets" shall include, but are not limited to, information encompassed in any research and development plans, purchasing plans, marketing or sales plans, customer lists, financial data, payroll, corporate plans, costs and price information, and other business records, together with all concept and ideas, whether verbal or written, reasonably relating thereto, computer hardware and software methods, formulas, techniques, information regarding company clients and officers are classified as trade secrets.

"Confidential Information" means any of the Trade Secrets, confidential operations, processes or dealings or any information concerning the organization, business finances, transactions or affairs of the Company or any of its related officers.

2. All employees sign with Human Resources Department Confidentiality Statements and are in their 201 files. Violation of this rule shall be considered in gross violation of the Company's rules and guidelines and is subject to whatever action is deemed necessary to resolve the situation.

Article 8. Preventing Violation of the Business Code of Conduct

A harmonious employee and employer relations hinges on clear understanding of behaviors which are considered acceptable; likewise, behaviors which are deemed unacceptable.

In recognizing its continuing responsibility to develop and administer the Company regulations and corrective disciplinary measures, the Company has established appropriate administrative procedures which will promote effectiveness of operations.

1. Proper documentation is required from supervisors and managers in the disciplinary process. Accurate written records of misconduct and corrective measures given should be made. This is meant to fulfill the procedural requirement and lessen the difficulty attendant to the employee release when it becomes necessary. The Company has Rules of Conduct and Discipline detailed for violations of the Business Code of Conduct in its duly approved manual.

VI. CODE OF ETHICS

The Insurance Commission has required all non-life insurance companies, its officers, and employees to abide with the Philippine Insurers and Reinsurers Association (PIRA), Inc.'s Code of Ethics for Non-Life Insurance Professionals ("Code of Ethics"). Hence, the Company hereby adopts the PIRA's Code of Ethics to help strengthen the integrity and reputation of non-life insurance industry and to preserve professionalism in the performance of the Company's duties.

The key values which set the standards for the behavior of all officers and employees of the Company are as follows:

- A. Behaving with responsibility and integrity in the professional life and taking into account the wider responsibilities to society as a whole. Acting in a courteous, honest and fair manner towards anyone they deal with. Being trustworthy and never putting their interests or the interests of others above the legitimate interests of the Company's stakeholders;
- B. Complying with all relevant laws and meeting the requirements of all applicable regulatory authorities, and appropriate codes of practice and codes of conduct;
- C. Demonstrating professional competence and due care including: Meeting the technical professional standards relating to their level of qualification, role and position of responsibility; completing their duties with due skill, care and diligence;
- D. Upholding professional standards in all dealings and relationships;
- E. Respecting the confidentiality of information;
- F. Applying objectivity in making professional judgements and in giving opinions and statements, not allowing prejudice or bias or the influence of other to override objectivity.

The officers and employees of the Company should always act ethically, and their behavior and conduct should meet the following principles:

- A. Relations with Clients
- B. Relations in Employment
- C. Relations with Regulators and the Law
- D. Relations with the Community and the Public
- E. Relations with PIRA

A. Relations with Clients

Officers and employees of the Company will seek to earn and maintain the trust of the clients at all times and should:

1. Give fair and proper consideration and appropriate priority to the interests and requirements of all clients. Obtain and provide relevant information, including all necessary documentation, maintaining the confidentiality of information;
2. Avoid any conflict of interests between himself (including the Company's and affiliation's interests) and his duties to clients;
3. Avoid conflict between any competing interests of one or more client(s), stepping aside in one or all matters if such conflicts cannot be resolved;
4. Act all times with due skill, care and diligence;

5. Act only within the limits of personal competence and any limits of authorization;
6. Act in a financially honest and prudent manner, including ensuring the protection of any money and/or property held on behalf of clients;
7. Act openly, fairly and respectfully at all times, providing all clients with due respect, consideration and opportunity;
8. Be honest and trustworthy with clients and communicate with them in a clear, concise, prompt and appropriate manner;
9. Provide suitable and objective recommendations to clients;
10. Comply with all laws and regulations regarding the insurance product and services offered to clients;
11. Refrain from giving or accepting money, gifts, entertainment, loans or any other benefits or preferential treatment from or to any existing or potential client or provider, other than occasional gifts, entertainment or remuneration which are provided as part of accepted business practice, and which are not likely to conflict with duties to clients.

B. Relations in Employment

Officers and employees of the Company should aim to ensure good relations with the Company and their fellow officers and employees and should;

1. Avoid conflict between personal interests (including the interest of any affiliated Company or Person) and duty to the Company;
2. Avoid improper use of information obtained as an employee or disclose, or allow to be disclosed, information confidential to the Company;
3. Aim to be a responsible officer or employee and be honest and trustworthy at work;
4. Act openly, fairly and respectfully at all times, treating other employees, colleagues, clients and suppliers with equal respect, consideration and opportunity;
5. Aim to take every opportunity to improve their professional capability, knowledge and skills;
6. Accurately and completely account for all business dealings and report in the Company's records;
7. Refrain from giving or accepting money, gifts, entertainment, loans or any other benefit or preferential treatment from or to any existing or potential supplier or business associate, other than occasional gifts, entertainment or remuneration, which are provided as part of accepted business practice, provided this is not likely to conflict with any duty that is owed to the Company;
8. After separation from employment, under no circumstances shall an ex-employee use or allow to use or make available to others, any data or any information he, by his earlier relation or position in the Company, had access or was privy to.

In addition, where an officer or employee holds a position of influence in the Company, they should;

- 8.1. Provide (or encourage their Company to provide) suitable arrangements for the Internal review of decisions, policies and actions where an officer/employee raises concerns of unethical behavior.

Officers and employees should not be penalized for raising matters of ethical concern even if this results in a loss to the Company or a client;

9. Incorporate (or encourage the Company to incorporate) ethical standards into the organization's governance standards, including the development of its own ethical code aligned with PIRA's Code of Ethics.

9.1. While the professional relations of officers and employees are defined, the Company should exercise professionalism, respect and recognize the privileges and rights of its officers and employees within the principles of due process, fairness, and rightful representation.

C. Relations with Regulators and the Law

Officers and employees of the Company must respect all laws and abide by all regulations that affect the business and shall:

1. Ensure they operate within the law and within the spirit of the law, at all times;
2. Ensure they deal with regulators in an open, transparent and co-operative manner and comply with any requirements;

D. Relations with the Community and the Public

Officers and employees of the Company should recognize the important wider role that they play as professionals and should:

1. Protect and promote the reputation of the non-life insurance industry, through their own conduct;
2. Operate in a way that respects environmental concerns and issues;
3. Act in a socially responsible manner and not contravene the principles of equality and inclusivity that PIRA values and upholds;
4. Strive to be trusted individuals and fulfil their responsibilities to society and the community.

E. Relations with PIRA

Officers and employees of the Company receive various benefits, but they also have responsibilities to PIRA and other officers and employees of members. They should:

1. Act at all times according to the PIRA's Code of Ethics;
2. Ensure a transparent relationship with PIRA, based on trust, respect, responsibility and integrity;
3. Have Pride in their status as an officer/employee of a member of PIRA;
4. Ensure they do not make improper use of information;
5. Seek opportunities to support the work of PIRA and to promote its values;
6. Find opportunities to support PIRA activities;
7. Treat officers and employees of the Company and of PIRA with the same respect they would wish to be given;

8. Advise PIRA of officers or employees of the Company who are not following this Code of Ethics;
9. Ensure that the expected standard of technical competence is always maintained. Remain informed of current developments (to ensure competence in carrying out their role) by taking appropriate professional training or refresher courses.

VII. LAWS AND/OR REGULATIONS TO BE OBSERVED

Article 9. Scope of Laws and/or Regulations to be Observed

The Company have for ready reference and guidance all the various laws and regulations covered under the Compliance Manual. All applicable laws, regulations, issuances, memorandums issued by the Department of Finance, Insurance Commission, Anti-Money Laundering Council, Bureau of Internal Revenue, including all amendments relating thereto inclusive of policy guidelines which the Company may adopt or may be notified of by government or statutory body or which may be published in media for public knowledge which concerns the Company's business operations, are considered in effect under the Compliance Manual inclusive of the various Company's Manuals and Administrative Rules.

Article 10. Obtaining Knowledge of Important Laws and/or Regulations

All employees of the Company are provided orientation upon employment and are required to obtain, understand and have knowledge of attendant laws and/or regulations which directly related to the business operations of the Company.

These laws include but not limited to the following:

1. The Insurance Code (Republic Act No. 10607);
2. All related laws and regulations applicable to insurance companies by the Securities and Exchange Commission including Good Governance Rules and Guidelines;
3. All relevant circulars from the Department of Finance relating to insurance companies' operations including the Central Bank or Monetary Authorities requirements;
4. All related laws and regulations issued by the Anti-Money Laundering Council;
5. All related laws and regulations regarding employment, labor conditions under the Labor Code of the Philippines;
6. All Circulars and applicable guidelines issued by the Insurance Commission as the regulatory authority covering all insurance companies;
7. All policies, regulations and guidelines relating to duties and position of the employees in the Company including adherence to operational manuals and inter-office memoranda which are applicable and relevant to particular situations.

VIII. WHISTLEBLOWING

Whistleblowing is the term used when a person discloses an information which he reasonably believes to constitute the following wrongdoing:

1. An act which violates any law, rule, regulation or policy;

2. Gross mismanagement;
3. Gross waste of Company's funds;
4. Abuse of authority;
5. Fraud and Corruption;
6. Any Act which causes substantial danger to the Company, its officers, employees and clients.

The above list is not exhaustive. Employees and non-employees are encouraged to report matters which do not fall into the above list, but which they believe constitute a wrongdoing.

Whistleblower is a person who reveals a concealed misconduct or a commission or attempted commission of a wrongdoing that are enumerated above or violation of the Company's Compliance Rules by officers and employees of the Company. It includes, but not necessarily limited to, the Company's directors, employees (whether regular, probationary, casual and project employees) former employees, consultants, advisers, trainees and interns, agents, brokers, other intermediaries, representatives and other stakeholders of the Company.

To whom should the information be disclosed

Employees and non-employees can report directly, anonymously should they wish, to the designated email address report@pgasompo.com. The email hotline is exclusively accessed and managed by the Vice-President and Chief Finance Officer.

Confidentiality

All reports received will be communicated to the Compliance Committee for the conduct of fair, thorough and impartial investigation. All reports shall be treated seriously, systematically and confidentially. In case the identity of the whistleblower is revealed without his consent by any employee of the Company, the Compliance Committee may recommend appropriate sanctions, including dismissal of the employee who revealed the identity of the whistleblower.

Malicious Allegations

If an allegation is determined to have been made maliciously or in bad faith for personal gain or revenge, disciplinary action will be taken against the person making such an allegation.

Protection of Whistleblower

The Company shall ensure that whistleblowers shall be protected. It shall be unlawful for the superior, supervisor or head of the Company to retaliate or perform such acts which can be deemed as "Retaliatory Acts" against an employee/whistleblower.

"Retaliatory Action" is the discharge, suspension, transfer, or demotion of any employee/whistleblower or the withholding of bonuses, reduction in salary or benefits, or any other action that may adversely affect his rights and interests taken by the superior, supervisor or head of the Company.

IX. ADMINISTRATION OF COMPLIANCE MANUAL

Article 11. Compliance Committee

A Compliance Committee is duly constituted to be in charged with the responsibility of administration of the Compliance Manual.

Article 12. Compliance Program

1. For purposes of ensuring that the employee of the Company conduct themselves in accordance with the Compliance Manual and Company policies and guidelines, the Human Resources Department and the Compliance Committee shall follow and monitor the adherence and conduct of employees under the set of implementing rules on compliance program.
2. Each Department Head will automatically be a member of the Compliance Committee which shall be headed by the President and Chief Executive Officer, Vice-President/Business Operations, and Vice-President and Chief Finance Officer as the core group of the Compliance Committee.
3. The Human Resources Department shall be the center of monitoring activities and all employees information and actions taken are coursed through this Department.

Article 13. Review of Various Company Rules

1. The contents of all existing Company Rules and Guidelines, Manuals and Circulars including applicable inter-office memoranda should not be in conflict with the Compliance Manual.
2. Contents of all existing rules and provisions of manuals and other existing circulars which are duly approved by the Management Committee is subject for review and updating as and when circumstances require. It shall be the responsibility of the Department Heads to review new and applicable regulations and submit to the Vice-President/Business Operations to validate and review. The approval and verification of these updates and/or revisions shall be taken up during the Staff Meeting and will be ratified for implementation by the Compliance Committee who shall ensure that no conflict with the rules under the Compliance Manual. Thereafter, any and all amendments shall be ratified by the Management Committee.

Article 14. Preparation of Manual and Incorporation of Compliance Rules

The Compliance Committee shall draft, prepare and recommend the amendments to the Company Manuals to incorporate the Compliance Rules.

Article 15. Duties of the Compliance Committee

1. The Compliance Committee is required to monitor operations to regularly assess the situation on strict compliance of rules and guidelines of the Company. At any given time, any infraction or deviations observed shall be reported and the Compliance Committee will submit proposals for amendments through the Department Heads which shall be immediately taken up during

the Staff Meetings for immediate and appropriate implementation. Upon approval, the update will be ratified and confirmed by the Management Committee.

2. The Compliance Program is a continuing activity of each and every Department, with the Managers taking the active role of reporting progress and changes and/or amendments deemed necessary to update or streamline general processes in accordance with the Compliance Manual. The Rules are ratified and confirmed by the Management Committee and are subsequently approved during the Shareholders' Meeting for the year under review.

The amendments to this Compliance Manual were approved and ratified by the Management Committee on October 29, 2020.

Prepared by:


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Signed by:


FUMIHIKO HARADA
President and CEO