



PGA Sompo Japan
Insurance Inc.

COMPLIANCE
RULES



COMPLIANCE RULES

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COMPLIANCE RULES

PREAMBLE

PGA SOMPO JAPAN INSURANCE INC., 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 them 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 visioned.

"The Company" hereinafter referred to is PGA SOMPO JAPAN INSURANCE INC. and all its employees and officers have formulated the COMPLIANCE RULES to be the guidelines conforming to the ideals propounded to be observed appropriately.

CHAPTER 1 GENERAL RULES

Article 1 (Purpose)

A manual entitled COMPANY POLICIES & GUIDELINES brings together in a convenient form the company's personnel policies and guidelines. It was established and written to serve as a reference and working guide to meet shareholder's and society's expectations in PGA SOMPO JAPAN's fairness in conducting its business operations.

Article 2 (Scope)

Every aspect of human resource administration is covered under these compliance rules. All employees, supervisors and management members are tasked with the responsibility of implementing these policies.

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 equally well are provided equal opportunities.

CHAPTER 2 EMPLOYEES' MENTAL ATTITUDE

Article 4 (Employees' Mental Attitude)

1. Every employee plays a vital role in propelling the organization to its ultimate goal. All employees are expected to dedicate their time in the performance of their assigned 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 Rules and to conduct themselves in accordance with the working guide that has been formulated.

CHAPTER 3 BUSINESS CODE OF CONDUCT

Article 5 (Business Code of Conduct)

1. PGA SOMPO JAPAN EMPLOYEES' are mandated to perform their duties in accordance with the applicable laws &/or regulations contained in the Manual of Policies and Guidelines.
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 any action that may negatively reflect on or conflict with PGA SOMPO JAPAN company's or shareholder's 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 arms' length with any person and/or entity who are known to have commercial interests in business that are carried out by PGA SOMPO JAPAN (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.

(1) All employees are expected to strictly avoid any activity that may distract from or conflict with the corporations interest, particularly:

- a. 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, lessens the efficiency, productivity or focus normally expected of the employee.
- b. 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;
- c. Encouraging any other employee of the company or any "Interested Party" to do such prohibited actions in a and b above; and
- d. Soliciting discounts &/or commissions and accepting the same as a personal incentive.

Article 7 (Preservation of Confidential Information)

1. Privileged access to company 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 PGA SOMPO JAPAN INSURANCE 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, cost and price information, and other business records, together with all concepts 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 Administrative Department Confidentiality Statements and are in their 201 files. Violation of this rule shall be considered in gross violation of company 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. PGA SOMPO JAPAN has RULES OF CONDUCT & DISCIPLINE detailed for violations of the Business Code of Conduct in its duly approved manual.

CHAPTER 4 LAWS AND/OR REGULATIONS TO BE OBSERVED

Article 9 (Scope of laws and/or regulations to be observed)

PGA SOMPO JAPAN INSURANCE INC. have for ready reference and guidance all the various laws and regulations covered under the Compliance Rules. All applicable Laws, Department of Finance Circulars, government ordinances, Insurance Commission Circulars, Bureau of Internal Revenue Memorandum Orders, and all amendments relating thereto inclusive of policy guidelines which the Company may adopt or maybe 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 RULES inclusive of the various Company Manuals and Administration Rules.

Article 10 (Obtaining knowledge of important laws and/or regulations)

All PGA SOMPO JAPAN INSURANCE employees 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.

- (a) Insurance Code (Presidential Decree 1460)
- (b) All related laws and/or regulations applicable to insurance companies by the SECURITIES & EXCHANGE COMMISSION including GOOD GOVERNANCE RULES & GUIDELINES.

- (c) All relevant circulars from the DEPARTMENT OF FINANCE relating to insurance company operations including AMLAC (Anti-Money Laundering Act), Central Bank or Monetary Authorities requirements.
- (d) All related laws and regulations regarding employment, labor conditions under the LABOR CODE OF THE PHILIPPINES.
- (e) All Circulars and applicable guidelines issued by the INSURANCE COMMISSION as the regulatory authority covering all insurance corporations.
- (f) All policies, regulations and/or 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.

CHAPTER 5 ADMINISTRATION OF COMPLIANCE RULES

Article 11 (Compliance Committee)

A COMPLIANCE COMMITTEE is duly constituted to be charged with the responsibility of administration of the Compliance Rules.

Article 12 (Compliance Program)

1. For purposes of ensuring that the employees of the Company conduct themselves in accordance with the Compliance Rules and company policies and guidelines, the Administrative Department and the Compliance Committee shall follow and monitor the adherence and conduct of employees under the set implementation rules on compliance program.
2. Each Department Manager will automatically be a member of the Compliance Committee which shall be headed by the Senior Vice President for Operations, President and Chief Executive Officer and Senior Executive Vice President & Chief Finance Officer as the core group of the Compliance Committee.
3. The Administrative Department/HRM 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 & Guidelines, Manuals and Circulars including applicable inter-office memoranda should not be in conflict with the COMPLIANCE RULES.

2. Contents of all existing Rules and provisions of manuals and other existing circulars which are duly approved by MANCOM is subject to 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 Senior Vice President for Operations to validate and review. The approval & verification of these updates and/or revisions shall be taken-up during Staff Meetings and will be ratified for implementation by the Compliance Committee who shall ensure that no conflict with the Compliance Rules exist. Thereafter, any and all amendments shall be ratified by MANCOM.

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 is to submit proposals for amendments through the Department Heads which shall be immediately taken-up during Staff Meetings for immediate and appropriate implementation. Upon approval, the update will be ratified in MANCOM.
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 &/or amendments deemed necessary to update or streamline general processes in accordance with Compliance Rules. These Rules are ratified and confirmed by MANCOM and are subsequently approved during Shareholder's Meeting for the year under review.



PGA Sampo Japan Insurance Inc.

COMPLIANCE RULES

Approved By:

1. Robert Coyiuto, Jr. (Chairman & CEO)
2. Yasuo Takatsugu (President & COO)
3. Phillip K. Rico (SEVP & CFO)

MANCOM:

1. James G. Coyiuto (Vice President & Treasurer)
2. Samuel G. Coyiuto (Vice President)
3. Atty. Celestino L. Ang (Vice President)
4. Imelda Ch. Unson – Senior Vice President
6. Manabu Hirasuka (Vice President)
7. Edgardo V. Betito (Vice President)