

**MINUTES OF MEETING OF NON-EXECUTIVE DIRECTORS
of
PGA SOMPO INSURANCE CORPORATION**

October 29, 2020 at 09:00 AM
via Video Conference (Microsoft Teams)

ATTENDEES

- Mr. Francisco M. Bayot, Jr. - Lead Independent Director
- Mr. Manuel M. Lopez - Independent Director
- Ms. Anita Victoria M. Ramos - Independent Director
- Mr. Justin C. Ongsue - Independent Director
- Mr. Prudencio T. Coyiuto - Director
- Ms. Maria Soledad Remiter - Head of Internal Audit Department
- Mr. Marcos C. Delin - Asst. Vice-President/Compliance Officer (Head of Accounting and Finance Department)

1. CALL TO ORDER

The Lead Independent Director of PGA Sampo Insurance Corporation (the "Corporation"), Mr. Francisco M. Bayot, Jr. ("FMB"), called the Meeting to order and presided over the same. FMB, thereafter, requested the Asst. Vice-President/Compliance Officer Compliance Officer, Marcos C. Delin ("MCD"), to record the Minutes of the Meeting.

2. UPDATES ON 2020 AUDIT PLAN

Mr. Prudencio T. Coyiuto inquired with the Head of the Internal Audit Department, Ms. Maria Soledad Remiter ("MSR"), the updates on the 2020 Audit Plan.

Thereafter, MSR presented the updates on the Audit Plan as follows:

| STATUS | NO. | PARTICULARS |
|------------------|------------|--|
| Planned Audits | 7 | |
| Completed | 1 | AML A Compliance |
| Ongoing | 1 | Claims and Recovery |
| Deferred to 2021 | 4 | Finance and Accounting, Sales and Marketing, Policy Administration and Underwriting, Purchasing and Asset Management |
| Cancelled | 1 | AML A Compliance |

3. STATUS OF AUDIT RECOMMENDATIONS FOR AML A COMPLIANCE

MSR discussed that out of twenty-one (21) audit recommendations for AML A compliance, the

Management has already completed eighteen (18), one (1) delayed, and two (2) are already in progress.

Mr. Manuel M. Lopez inquired about the delayed audit recommendation.

MCD responded that this recommendation refers to the automation of AMLA Covered Transaction Report data extraction and report preparation. According to him, the development of the automated tool is already in progress.

4. EXTERNAL AUDIT PLANNING MEMORANDUM

MCD discussed the external planning memorandum with Sycip Gorres Velayo & Co. for the financial year ending 31 December 2020.

5. INTERNAL AUDIT PLAN FOR FINANCIAL YEAR 2021

MCD discussed the Internal Audit Plan for the year 2021 with the objective to obtain evidence required to support an overall opinion on the Corporation's governance, risk management, and control processes.

He also discussed the Audit Planning Methodology. Auditable units in the audit universe were assessed, rated, and prioritized based on their association with the following risk factors and the Corporation's strategic objectives:

a. Organizational Objectives:

1. Enhance corporate profitability and liquidity
2. Apply capital efficiently

b. Risk Factors

1. Susceptibility to Fraud
2. Customer Goodwill/Corporate Image Implications
3. Complexity of Operations
4. Change in Systems, Policies or Procedure
5. Level of Regulatory/Compliance Implications
6. Third-party Reliance
7. Management and Staff Competency
8. Result of Last Audit or Other Known Deficiencies

6. INTEGRATION OF THE INTERNAL AUDIT FUNCTION WITH SOMPO INTERNATIONAL

MSR discussed the status of the integration of the Corporation's Internal Audit function with Sampo International as follows:

| Item | Status |
|--|------------------|
| Internal Audit Governance Framework | Fully Integrated |
| Internal Audit Charter | In-Progress |
| Audit Plan and Changes thereto | Fully Integrated |
| Internal Audit Policies and Procedures | In-Progress |

7. OTHER MATTERS

FMB thereafter inquired if there are still other matters for discussion.

Hearing none, FMB then requested that a motion be made for the Meeting to be adjourned, which was made by Ms. Anita Victoria M. Ramos and was seconded by Mr. Justin C. Ongsue.

8. Adjournment

There being no further matters to discuss, the meeting was adjourned at 10:00 AM upon motion duly made and seconded.

Prepared by:


MARCOS C. DELIN
Asst. Vice-President/Compliance Officer

Attested by:


FRANCISCO M. BAYOT, JR.
Lead Independent Director