

**ANNUAL CORPORATE GOVERNANCE REPORT OF  
GOTUACO, DEL ROSARIO INSURANCE BROKERS, INC.**

**(Name of Company)**

1. For the fiscal year ended **2020**
2. Certificate Authority Number - **License No. IB-58-2019-R**
3. **PHILIPPINES**  
Province, Country or other jurisdiction of  
incorporation or organization
4. **15F Chatham House Building,, 116 Valero corner V. A.  
Rufino Streets, Salcedo Village, Makati City** **1227**  
Address of principal office Postal Code
5. **63-8888-0001**  
Company's telephone number, including area code
6. **www.gra-insurancebrokers.com**  
Company's official website
7. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
<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.	<b>Compliant</b>	<a href="#">Link to the individual academic and professional expertise and training of each director. (Education and training of Directors)</a>	
2. Board has an appropriate mix of competence and expertise.	<b>Compliant</b>		
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.	<b>Compliant</b>		<a href="#">Link for the Cert. of training on Corp. Governance</a>
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	<b>Non-Compliant</b>	<a href="#">Link to the Manual on Corp. Governance, Page 2, III.B</a>	Due to the competitiveness prevailing in the industry, there are only 4 NEDs in the Board.
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance, Pages 3 and 3-III.C</a>	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation for first time directors.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance, Pages 3 and 3-III.C</a>	

3. Company has relevant annual continuing training for all directors.	<b>Non-Compliant</b>		All Directors chose to stay at home since the onset of the pandemic, hence were not able to attend a seminar on Corp. Governance. Some though, attended a seminar on Corporate Governance in 2006 as shown in the link on Recommendation 1.1.3.
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	<b>Compliant</b>	<a href="#">Link to the 2020 GIS</a> <a href="#">Link to the Education and Training of Directors</a>	The Corporation is composed of members who possess the expertise and experience in their own fields of diplomacy, accountancy, finance, banking, insurance, insurance broking and law.  There are 3 female board members out of 12 board members.
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	<b>Compliant</b>	<a href="#">Link to the CV of Atty. Adelina Gatdula, Corporate Secretary.</a>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	<b>Compliant</b>	<a href="#">Link to the Manual on Corporate Governance re: Duties and functions of a Corporate Secretary. (Page 3 Letter E)</a>	The Corporate Secretary is Atty. Adelina Gatdula whereas the Compliance Officer is Ms. Marichu C. Hao
3. Corporate Secretary is not a member of the Board of Directors.	<b>Compliant</b>		
4. Corporate Secretary attends training/s on corporate governance.	<b>Compliant</b>	Link to Qualifications of Atty. Adelina Gatdula	Last year, she was not able to attend the required Corporate Governance training due to the pandemic.
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	<b>Compliant</b>	<a href="#">Link to Ms. Mench's CV</a>	

2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.			
3. Compliance Officer is not a member of the board.	<b>Non-Compliant</b>	<a href="#">Link on Manual on CG re: Duties and Functions of Compliance Officer. (Page 3 &amp; 4, Letter E)</a>	Due to the numerous confidential data that had to be shared in this ACGR, the Compliance Officer is a member of the Board.
4. Compliance Officer attends training/s on corporate governance.	<b>Compliant</b>	Link to the Certificate of Attendance of Ms. Mench.	She was not able to attend a corporate governance training last year due to the pandemic but she had attended a seminar on Corp. Governance in 2006.

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.	<b>Compliant</b>	<a href="#">Link to the Minutes of the Board Meeting wherein the Board appointed the 3 Committees.</a>	
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#### Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	<b>Compliant</b>	<a href="#">Link to Manual on Corp. Governance, Page 4 Letter F</a>	This is one of the functions of the Board but due to the pandemic, said Board was not able to meet in 2020.
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long term viability and strength.	<b>Compliant</b>		Weekly – through Mancom meetings every Monday of each week

#### Recommendation 2.3

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1. Board is headed by a competent and qualified Chairperson.	<b>Compliant</b>	<a href="#">Link to the CV of Mr. Lawrence J. Gotuaco</a>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance (Page 5 Letter H)</a>	
2. Board adopts a policy on the retirement for directors and key officers.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance (Page 5 Letter H)</a>	
<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.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance – Page 5, Letter I</a>	
2. Board aligns the remuneration of key officers and board members with long term interests of the company,	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance – Page 5, Letter I</a>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance – Page 5, Letter I</a>	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	<b>Compliant</b>	<a href="#">Link to the pertinent provisions in the By-Laws of the Company and the Manual on Corp. Governance, Page 5, Letter J</a>	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	<b>Compliant</b>	<a href="#">Link to the Manual on Corporate Governance.</a> <a href="#">(Page 5 Letter J)</a>	
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	<b>Compliant</b>		<a href="#">Link to the Manual on Corp. Governance, Page 5, Letter J</a>
4. Board nomination and election policy includes how the board reviews nominated candidates.	<b>Compliant</b>		Provide proof if minority shareholders have a right to nominate candidates to the board  <a href="#">Link to the Manual on Corp. Governance, Pages 5 and 6, Letter J</a>
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.	<b>Compliant</b>		Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.  <a href="#">Link to the By-Laws, Art. III-1, 2, 3, 4, 5 and 6, Art. IV-3 and 6</a>
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	<b>Compliant</b>		<a href="#">Link to the Manual on CG. Pages 5 and 6, Letter J</a>
<b>Recommendation 2.7</b>			
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.	<b>Compliant</b>	<a href="#">Link to the Manual on Corporate Governance.</a> <a href="#">(Page 7 Letter K)</a>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	<b>Compliant</b>		<a href="#">Link to the Manual on Corporate Governance.</a> <a href="#">(Page 7 Letter K)</a>

3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	<b>Compliant</b>		There has been no case of RPT so far.
<b>Recommendation 2.8</b>			
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).	<b>Compliant</b>	<a href="#">Link to Art. V, By-Laws of the Company and the Manual on Corp. Governance, Pages 7, Letter L</a>	The Management Team appointed by the Board are:  1. President & CEO 2. Senior Vice-President for Employee Benefits 3. Vice-President for Property & Casualty 4. Vice-President for Finance
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).	<b>Compliant</b>		The Board makes the assessment during the annual Business meeting wherein the Management team reports on their respective operations to the Board.  The Board takes into account the accomplishment and plans of each member, makes comments and approves business plan or suggests revisions to make the proposed plan more workable.
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer's performance is at par with the standards set by the Board and Senior Management.	<b>Compliant</b>		The Board does this during the Annual Board meeting where the President & CEO makes his Report on the performance/operations of the Company for the year ended.

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.	<b>Compliant</b>		The Board and Management had set up an Annual Performance Assessment where employees are evaluated by their respective Department Heads. The employees are graded and will receive an adjustment on their salaries in accordance with their job performance for the year immediately preceding the assessment.
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	<b>Compliant</b>	<a href="#">Link to Manual on Corp. Governance, Page 7, Letter M</a>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	<b>Non-Compliant</b>	<a href="#">Link to Manual on Corp. Governance, Page 7 Letter M</a>	The Board still has to formulate the Internal Audit Charter.
3. Board approves the Internal Audit Charter.	<b>Non-Compliant</b>	<a href="#">Link to Manual on Corp. Governance, Page 7, Letter M</a>	The Board has not formulated the Internal Audit Charter yet.
<b>Recommendation 2.11</b>			
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.	<b>Compliant</b>	<a href="#">Link on Manual on Corp. Governance, Page 8, Letter N.</a>	



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.	<b>Compliant</b>		The strict adherence to the ERM has prevented the company's clients from incurring losses; thereby strengthening confidence of the clients in the company resulting in more business coming in.
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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.	<b>Non-compliant</b>	<a href="#">Link on the Manual on Corporate Governance (Page 8, LetteO)</a>	<u>Board still has to come up with its Board Charter.</u>
2. Board Charter serves as a guide to the directors in the performance of their functions.	<b>Non-Compliant</b>		
3. Board Charter is publicly available and posted on the company's website.	<b>Non-compliant</b>		

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.	<b>Compliant</b>	<a href="#">Link to Minutes of Board Meeting dated November 12, 2010 and July 26, 2019</a>	
<b>Recommendation 3.2</b>			
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.	<b>Compliant</b>		Messrs. Antonio G. Cumagun and Enrique D. Perez, both independent directors, were appointed as co-chairpersons of the Audit Committee, in line with the requirement under the Revised Corporate Governance Code.  The members are:  Arthur L. Panganiban, Jr. Margarete R. Isleta
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	<b>Compliant</b>	<a href="#">Link to the Charter of GRA Audit Committee</a>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	<b>Compliant</b>	<a href="#">Link to the Education and training of Directors</a>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	<b>Compliant</b>		The two (2) co-chairpersons of the Audit Committee are both independent directors and are not the Chairman of the Board
<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.	<b>Compliant</b>	<a href="#">Link to the CV of Marichu C. Hao as Compliance Officer</a>  <a href="#">Link to the Manual on Corp. Governance, Pages 3 and 4, Letter E</a>	The functions of the Compliance Officer are stated on the Manual on Corporate Governance.

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	<b>Non-compliant</b>		The Compliance Officer is the Vice-President for Finance and Treasury as well. The IT Officer and an Adm. Supervisor are currently assisting her.
3. Chairman of the Corporate Governance Committee is an independent director.	<b>Non-compliant</b>		The Compliance Officer who serves as the Chairperson of the Committee is not an independent director.
<b>Recommendation 3.4</b>			
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.	<b>Non-compliant</b>	<a href="#">Link to Manual on Corp. Governance, Page 8, Letter N</a>	The whole Board performs this function with the assistance and upon the recommendation of the Senior Vice-President for Employee Benefits and Vice-President for Property and Casualty and the approval of the President & CEO.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>Non-compliant</b>		The whole Board performs this function.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>Compliant</b>		The President & CEO serves as the Chairman of the BROC and is not the Chairman of the Board or any other committee.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	<b>Compliant</b>		The whole Board performs this function and has the requisite knowledge and experience on risk and risk management.
<b>Recommendation 3.5</b>			

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	<b>Non-compliant</b>		The whole Board performs this function. Upon recommendation by the Vice-President for HR/Admin. and concurrence by the external counsel of the company, the whole Board will decide whether the transaction is related party or not.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	<b>Non-compliant</b>	<a href="#">Link to the Manual on Corp. Governance, Page 7, Letter K</a>	The whole Board performs the function of the committee; and out of 12 members, only 2 are independent.
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	<b>Compliant</b>	<a href="#">Link to the Charters of the Nomination, Remuneration and Audit Committees</a>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>Compliant</b>		
3. Committee Charters were fully disclosed on the company's website.	<b>Compliant</b>	<a href="https://www.gra-insurancebrokers.com/">https://www.gra-insurancebrokers.com/</a>	
<b>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.</b>			
<b>Recommendation 4.1</b>			

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.	<b>Compliant</b>	<a href="#">Link to the By-Laws of the Company, Art. IV.4 and 5, Pages 5 &amp; 6</a>  <a href="#">Link to Minutes of meeting of the Board dated 2019</a>	
2. The directors review meeting materials for all Board and Committee meetings.	<b>Compliant</b>		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>Compliant</b>		
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICRE's) and publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance, Page 8, V-2.</a>  <a href="#">Link to the Education and Training of the Directors</a>	The company does not have any policy setting the limit of board seats that a NED can hold simultaneously.
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	<b>Compliant</b>	<a href="#">Link to the Manual on Corp. Governance, Page 8, V-2.</a>	
<b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</b>			
<b>Recommendation 5.1</b>			

1. The Board is composed of at least twenty percent (20%) independent directors.	<b>Compliant</b>	<a href="#">Link to the 2020 GIS</a>	Two (2) out of 12 directors are Independent Directors.
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	<b>Compliant</b>	<a href="#">Link to the Education and Training of the Independent Directors</a>	
<b>Recommendation 5.3</b>			
<p>1. The independent directors serve for a cumulative term of nine years.</p> <p>As far as the 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.</p> <p>For other covered entities, all previous terms served by the 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>	<b>Compliant</b>		The independent directors came on board only in 2019.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	<b>Compliant</b>	<a href="#">Link to Part VI-J Reinforcement of Board Independence of the Manual on Corporate Governance. (Page 10)</a>	

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>	<p><b>Compliant</b></p>	<p><a href="#">Link to Part VI-J Reinforcement of Board Independence of the Manual on Corporate Governance. (Page 10)</a></p>	
<p><b>Recommendation 5.4</b></p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p><b>Compliant</b></p>		<p><a href="#">Chairman of the Board – Lawrence J. Gotuaco</a></p> <p><a href="#">President &amp; Chief Executive Officer – Arthur L. Panganiban, Jr.</a></p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p><b>Compliant</b></p>	<p><a href="#">Link to Part VI. 3 Page 10; which provides the role and responsibilities of the CEO and to Part III – G that provides for the role and responsibilities of Chairman of the Board. (Pp. 4, 9 and 10)</a></p>	<p>The Chairman and the CEO are not related to each other.</p>
<p><b>Recommendation 5.5</b></p>			

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 designates a lead director among the independent directors.	<b>N/A</b>		Although the Chairman of the Board is not an independent director; yet, the Chairman of the Board and the President & CEO are different persons, so, the Board did not designate a lead independent director.  The Chairman is not an independent director.
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<b>Compliant</b>		No case of this nature yet.
<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.	<b>Compliant</b>		The NEDs had met with the internal audit team and the external auditors for the final figures for the 2020 Financial Statements of the Company.
2. The meetings are chaired by the lead independent director.	<b>N/A</b>		No lead independent director had been designated by the Board.
<b>Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</b>			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	<b>Compliant</b>	<a href="#">Link to VII, page 11 of the Manual on Corp. Governance</a>	
2. The Board assesses the performance of the Chairman annually.	<b>Compliant</b>		



3. The Board assesses the performance of the individual member of the Board annually.	<b>Compliant</b>		<a href="#">Link to the Manual on Corporate Governance, VII, Page 11</a>
4. The Board assesses the performance of each committee annually.	<b>Compliant</b>		
5. Every three years, an external facilitator supports the assessments.	<b>N/A</b>		Since the ACGR requirement for insurance brokers started only last year, the external facilitator will be required only next year.

**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.	<b>Compliant</b>		The Board, individual directors and committees are assessed based on their performance on the tasks/projects assigned to them. During the annual Board meeting, the stockholders decide on whether to retain them or not.
2. The system allows for a feedback mechanism from the shareholders.	<b>Compliant</b>	<a href="#">Link to the Manual on Corporate Governance, VII, Page 11</a>	The shareholders/stockholders decide whether to retain them or not as directors based on the outcome of the tasks/projects assigned to them.

**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.	<b>Compliant</b>	<a href="#">Link to Company Rules</a>	
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2. The Code is properly disseminated to the Board, senior management and employees.	<b>Compliant</b>	<a href="#">Link to the Company Rules</a>	Each member of the Board, senior management and employee were given a copy of the <a href="#">Company Rules</a> .
3. The Code is disclosed and made available to the public through the company website.	<b>Compliant</b>	<a href="https://www.gra-insurancebrokers.com">https://www.gra-insurancebrokers.com</a>	An abbreviated copy of the Company Rules had been posted to the company website.
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	<b>Compliant</b>	<a href="#">Link to a Memo issued by HR on company policies particularly on the Health and Safety Protocols during quarantine period</a>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>Compliant</b>	<a href="#">Link to Memo on NDA or Breach of Trust</a>	
<b>Disclosure and Transparency</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>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.	<b>Compliant</b>	<a href="#">Link to Company Data Privacy Policy and to Password-Protect Email Attachments</a>	
<b>Recommendation 8.3</b>			
1. 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.	<b>Compliant</b>	<a href="#">Link to Summary of Qualifications of Directors</a>  <a href="#">Link to 2020 GIS</a>	

<p>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.</p>	<p><b>Compliant</b></p>	<p><a href="#">Link to Summary of Qualifications of key officers</a></p>	
<p><b>Recommendation 8.4</b></p>			
<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><b>Compliant</b></p>	<p><a href="#">Link to the Manual on Corp. Governance – III.I, Page 5</a></p> <p><a href="#">Link to the Minutes of the Board Meeting held on November 12, 2010</a></p>	<p>The members of the Board do not receive compensation; only a per diem of Ps 10,000.00 per meeting.</p>
<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><b>Compliant</b></p>	<p><a href="#">Link to the Manual on Corp. Governance – III.I, Page 5</a></p>	

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>Compliant</b></p>	<p><a href="#">Link to the Company Rules</a></p>	<p>The Salary and compensation of each employee cannot be disclosed since this is protected under the Data Privacy Law of the Company.</p> <p>The termination provisions can be found in the Company Rules and in the appropriate provisions of the Labor Code of the Philippines.</p> <p>The Company has a Retirement Plan which is under the Management of an Actuary Bank.</p>
<p><b>Recommendation 8.5</b></p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p><b>N/A</b></p>		<p><b>N/A</b></p> <p>No case of RPT so far.</p>
<p>2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.</p>	<p><b>N/A</b></p>		<p>No case of RPT so far.</p>
<p><b>Recommendation 8.7</b></p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p><b>Compliant</b></p>	<p><a href="https://www.gra-insurancebrokers.com/">https://www.gra-insurancebrokers.com/</a></p>	

2. Company's MCG is posted on its company website.	<b>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>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.	<b>Compliant</b>	<a href="#">Link to MCG, X, Pages 11</a>	
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.	<b>Compliant</b>		<b>2/3 of the outstanding capital stock</b>
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.	<b>Non-Compliant</b>		The reason for the removal/change of the external auditor if ever, will only be communicated to the regulators but not publicly.
<b>Recommendation 9.2</b>			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<b>Compliant</b>	<a href="#">Link to the Audit Committee's Charter</a>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<b>Compliant</b>	<a href="#">Link to the Audit Committee's Charter</a>	
<b>Recommendation 9.3</b>			
<p>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.</p>	<b>N/A</b>		<b>N/A</b>
<p>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.</p>	<b>Compliant</b>	<a href="#">Link to the MCG, Part X, Page 11</a>	
<b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>			

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.	<b>Compliant</b>	<a href="#">Link to MCG, Part XI, Page 12</a>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	<b>N/A</b>		No Report on Sustainability yet.

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			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	<b>Compliant</b>	<a href="https://www.gra-insurancebrokers.com/">https://www.gra-insurancebrokers.com/</a>	

#### Internal Control System and Risk Management Framework

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			
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<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p><b>Compliant</b></p>	<p><a href="#">Link to MCG, Part XIII, Pages 12</a></p>	<p>Important Programs of the Internal Audit System:</p> <ol style="list-style-type: none"> <li>1. Effective performance management and accounting in the organization;</li> <li>2. Regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment; and</li> <li>3. Compliance audit of relevant laws, rules and regulations contractual obligations and other commitments, which could have a significant impact on the organization</li> </ol> <p>The internal control system is reviewed quarterly.</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><b>Compliant</b></p>	<p><a href="#">Link to MCG, Part XIII, Page 12</a></p> <ol style="list-style-type: none"> <li>1. Key risks the company is currently facing</li> <li>2. How the company manages the key risks</li> </ol> <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>Key risks that the Company are facing today are:</p> <ol style="list-style-type: none"> <li>1. Market risk</li> <li>2. Client satisfaction risk</li> <li>3. Employee retention risk</li> <li>4. Regulatory risk</li> </ol> <p>The Company manages these risks through:</p> <ol style="list-style-type: none"> <li>1. Maintaining good business relations with partners/insurers</li> <li>2. Ensuring that the best terms at the most reasonable costs are obtained for the clients' satisfaction</li> <li>3. Optimization of Company resources that will benefit the employees and paying the employees just salary and better benefits</li> <li>4. Compliance to avoid penalties and sanctions</li> </ol> <p>The ERM is reviewed annually.</p>
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Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	<b>Compliant</b>		The internal audit is In-house; headed by the VP for Finance.
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	<b>Compliant</b>	<a href="#">Link to the Audit Committee's Charter</a>	<b>Ms. Marichu C. Hao</b>
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.			
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	<b>N/A</b>		<b>N/A</b>
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	<b>Compliant</b>	<a href="#">Link to MCG, Part XIII, Page 12</a>	
Recommendation 12.5			

<p>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).</p>	<p><b>Compliant</b></p>	<p><a href="#">Link to MCG, Part XIII, Page 12</a></p>	<p><b>Ms. Rowena R. Nicolas – SVP for Employee Benefits (CRO)</b></p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>Overseeing daily operations and performance for her division.</li> <li>Assessing, evaluating, and reporting on staff as well as key business indicators.</li> <li>Strategizing and implementing operational and structural changes with other senior executives.</li> <li>Providing oversight and support to the divisions VPs and managers.</li> <li>Researching and identifying new business ventures for the company.</li> <li>Performing regular analyses of business operations and enhancing current business practices.</li> <li>Preparing, delivering, and presenting reports at key executive meetings.</li> </ul> <p><b>Mr. Jay H. Inocentes – VP for Property and Casualty (CRO)</b></p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>Assisting the president and the board of directors to design the company's overall mission, values, and strategic goals.</li> <li>Attending meetings with the board of directors and sharing company information.</li> <li>Leading, guiding, directing, and evaluating the work of other employees, such as senior directors and managers, and ensuring a healthy working environment.</li> <li>Contributing to sales innovations, strategic business development, and the profitability of the company as determined by the company's strategic goals.</li> </ul>
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2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	<b>Compliant</b>		Evaluating the success of the company in achieving its goals and formulating plans to correct any issues if the company is not achieving its goals. Managing the daily operations and revenue generation of the company and ensuring its continual growth. Assisting in maximizing the company's operating performance and achieving its financial goals.
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**Cultivating a Synergic Relationship with Shareholders**

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

**Recommendation 13.1**

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	<b>Compliant</b>	<a href="#">Link to MCG – Part XIV, Pages 13 and 14</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<b>Compliant</b>	<a href="https://www.gra-insurancebrokers.com">https://www.gra-insurancebrokers.com</a>	

**Recommendation 13.2**

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	<b>Compliant</b>	<a href="#">Link to MCG, Part XIV – On Right to Propose the Holding of Special Meetings, Page 13</a>	At least 21 days before the meeting in accordance with the Manual on Corporate Governance of the Company.  There was no Board meeting held in 2020 due to the pandemic.
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**Recommendation 13.3**

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.	<b>Non-compliant</b>		Due to the pandemic, no Shareholders' meeting was held last year 2020, Annual or Special.
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.	<b>Non-Compliant</b>		No Annual or Special Shareholders' Meetings were held in 2020 due to the pandemic.
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	<b>Compliant</b>	<a href="#">Link to MCG, Part XIV – On Intra-Corporate Disputes, Page 13</a>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	<b>Compliant</b>	<a href="#">Link to MCG, Part XIV-On Intra-Corporate Disputes, Page 13</a>	
<b>Duties to Stakeholders</b>			
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.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	<b>Compliant</b>	<a href="#">Link to 2020 GIS</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.	<b>Compliant</b>	<a href="#">Link to MCG – Parts XV and XVI, Pages 14 and 15</a>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	<b>Compliant</b>	<a href="#">Link to MCG – Part XVI, Page 15</a>	<b>Hotline – 09989970346</b>
<b>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.</b>			
<b>Recommendation 15.1</b>			
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.	<b>Compliant</b>	<a href="#">Link to MCG – Part XVI, Page 15 and Company Rules</a>	
<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	<b>Compliant</b>	<a href="#">Link to MCG – Part XVI, Page 15 and Company Rules</a>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>Compliant</b>	<a href="#">Link to Company Rules</a>	
<b>Recommendation 15.3</b>			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	<b>Compliant</b>	<a href="#">Link to MCG – Part XVI</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.	<b>Compliant</b>		<b>8662-3632</b>
3. Board supervises and ensures the enforcement of the whistleblowing framework.	<b>Compliant</b>	<a href="#">Link to MCG – Part XVI, Page 15</a>	No incident so far
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
1. 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.	<b>Compliant</b>	<a href="#">Link to Part XVII, Page 16</a> and video or pictures of Food pack distribution to a depressed area last year.	

**CERTIFICATION**

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

Signed in the City of \_\_\_\_\_ on the \_\_\_\_\_ of \_\_\_\_\_ 20\_\_\_\_.

**CHAIRMAN OF THE BOARD**

Signature over printed name

*M. Adelina S. Gatula*

MA. ADELINA S. GATULA

**CORPORATE SECRETARY**

Signature over printed name

*Enrique D. Perez*

ENRIQUE D PEREZ

**INDEPENDENT DIRECTOR**

Signature over printed name

*Arthur L. Panganiban Jr.*

ARTHUR L. PANGANIBAN JR.

**PRESIDENT/CEO**

Signature over printed name

*Marichu C. HAO*

MARICHU C. HAO

**CORPORATE GOVERNANCE**

**COMPLIANCE OFFICER**

Signature over printed name

**INDEPENDENT DIRECTOR**

Signature over printed name

**SUBSCRIBED AND SWORN** to before me this JUL 30 2021 day of \_\_\_\_\_, 20\_\_\_\_, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NO.	DATE/ PLACE ISSUED
1. ARTHUR L. PANGANIBAN JR.	P5751468A	24 JAN 2018 / DFA MANILA
2. MARICHU C. HAO	P4574494B	27 JAN 2020 / DFA MANILA
3. ENRIQUE D. PEREZ	P0693140A	20 OCT 2016 / DFA MANILA
4. ANTONIO G. CUMAGUN	EC 6812205	20 FEB 2016 / DFA MANILA
5. LAWRENCE JOHN GOTUACO	594485355	22 AUG 2018
6. MA ADELINA S. GATULA	Q.No. NA-8C-00514	expiry on 10 May 2022 / LTO

**NOTARY PUBLIC**

**ATTY. JOSHUA P. LAPUZ**

Notary Public Makati City

Until Dec. 31, 2021

Appointment No. M-66(2020-2021)

PTR No. 8531012 Jan. 4, 2021 / Makati

IBP Lifetime No. 04897 Roll No. 45790

MCLE Compliance No. VI-0016565

G/F Fedman Bldg., 199 Salcedo St.

Legaspi Village, Makati City

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 Series of 20 21



**CERTIFICATION**

I, **ARTHUR L. PANGANIBAN, JR.**, President and CEO of **Gotuaco, Del Rosario Insurance Broker's, Inc.** hereby certify that **LAWRENCE JOHN GOTUACO**, Chairman of the Board is residing in the United States and therefore, cannot sign the Certification required under the Annual Corporate Governance Report of the Company personally.

This Certification is in compliance with the IC Circular Letter 2021-47 dated 26 July 2021 amending CL No. 2020-72 dated 13 June 2020.

Signed in the City of Makati on the 30<sup>th</sup> day of July, 2021.

  
**ARTHUR L. PANGANIBAN, JR.**  
President & CEO

**SUBSCRIBED AND SWORN** to before me this 30<sup>th</sup> day of July, 2021, affiant exhibiting to me his Passport No. P5751468A issued on 24 January 2018 by DFA Manila.

  
**ATTY. JOSHUA P. LAPUZ**

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