



STERLING INSURANCE COMPANY, INC.

6/F Zeta II Annex Bldg., 191 Salcedo Street, Legaspi Village, Makati City
Trunk Lines: 759-2920 / 759-2921 / 759-3082 / 892-3792 / 893-0025 / 893-0026
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30 May 2024

INSURANCE COMMISSION
1071 United Nations Avenue,
Manila



To : CORPORATE GOVERNANCE UNIT

Re : Submission of 2023 Annual Corporate Governance Report

To whom it may concern:

Dear Sir/Madam,

Respectfully submitting before your good Office the herein attached copy of the **2023 Annual Corporate Governance Report (ACGR) of STERLING INSURANCE COMPANY, INC.** in compliance with IC CL No. 2020-72 dated 13 June 2020.

We hope you find all things in order.

Thank you and God bless.

Respectfully yours,


ATTY. DAVE JOHN T. HERNANDEZ
VP/Compliance Officer

ANNUAL CORPORATE GOVERNANCE REPORT OF
STERLING INSURANCE COMPANY, INC.

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| 1. For the Fiscal Year Ended | December 31, 2023 |
| 2. Certificate of Authority Number | 2022/36-R (Valid until December 31, 2024) |
| 3. Place of Incorporation | Makati City |
| 4. Address of Principal Office/
Postal Code | 6 th Floor-Zeta II Annex Building,
191 Salcedo Street, Legaspi
Village, Makati City 1229 |
| 5. Telephone Number | 7759-2920 / 7759-2921
8892-3792 / 8893-0025 |
| 6. Company's Official Website | www.sterling-insurance.com.ph |

2023 ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Boards Governance Responsibilities			
Principle1: 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 lon - term best interests of its shareholders and other stakeholders.			
Reccomendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	BIO-DATA (Board of Directors)	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	BIO-DATA (Board of Directors)	
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.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Directors 1.4. Qualifications of the Board of Directors (1.4.1 to 1.4.8)	
Reccomendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	2023 Updated List of the Members of the Board of Directors & Executive Officers	
Reccomendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 2. Board Committees 2.2. Corporate Governance Committee (2.2.4 & 2.2.6)	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Directors 1.4. Qualifications of the Board of Directors (1.4.8)	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Directors 1.4. Qualifications of the Board of Directors (1.4.8)	
Reccomendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	BIO-DATA (Board of Directors)	

Reccomendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary	COMPLIANT	BOARD OF DIRECTORS CHARTER Section 7. Corporate Secretary (A-F)	
2. Corporate Secretary is a separate individual from the Compliance Officer.	NON-COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 3. Key Officers and their Responsibilities 3.4. The Corporate Secretary (3.4.1 & 3.4.2) 3.6. The Compliance Officer (3.6.1)	The Corporate Governance Manual allows concurrent holding of the position of Corporate Secretary and Compliance Officer and lodged in the same individual due to the nature of functions, duties and responsibilities attached to the said positions. However, the company may appoint two separate individuals qualified for the said positions.
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	2023 GENERAL INFORMATION SHEET	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	CORPORATE GOVERNANCE TRAINING CERTIFICATES	
Reccomendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 3. Key Officers and their Responsibilities 3.6. The Compliance Officer (3.6.1 to 3.6.5)	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	2023 Updated list of the Board of Directors & Executive Officers	
3. Compliance Officer is not a member of the board.	COMPLIANT	2023 GENERAL INFORMATION SHEET	
4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	CORPORATE GOVERNANCE TRAINING CERTIFICATES	

Principle2: 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.

Reccomendation 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	2023 MINUTES OF ANNUAL MEETING	
Reccomendation 2.2			
1. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1.2. Key Responsibilities of the Board of Directors 1.3. General Responsibilities of the Board of Directors	
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	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1.2. Key Responsibilities of the Board of Directors 1.3. General Responsibilities of the Board of Directors	
Reccomendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	2023 Updated list of the Board of Directors & Executive Officers	
Reccomendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	CORPORATE GOVERNANCE MANUAL	
2. Board adopts a policy on the retirement for directors and key officers	COMPLIANT		
Reccomendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	REMUNERATION COMMITTEE CHARTER	

2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Reccomendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	NOMINATION COMMITTEE CHARTER Section 2. Duties & Responsibilities (A-F) Section 4. Committee Procedures C. Process & Criteria for Nomination (i-iv)	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT		
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		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		
Reccomendation 2.7			
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.	COMPLIANT	RELATED PARTY TRANSACTIONS POLICY	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
Reccomendation 2.8			
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).	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1.3 General Responsibilities of the Board of Directors (1.3.7 & 1.3.8)	

<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>CORPORATE GOVERNANCE MANUAL VIII. Corporate Governance Structure 1.3. General Responsibilities of the Board of Directors (1.3.3, 1.3.10 & 1.3.11 & 1.3.14)</p>	
<p>Recommendation 2.9</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>CORPORATE GOVERNANCE MANUAL VIII. Corporate Governance Structure 1.3. General Responsibilities of the Board of Directors (1.3.3, 1.3.7, 1.3.8, 1.3.10 & 1.3.11 & 1.3.14)</p>	
<p>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.</p>	<p>COMPLIANT</p>		
<p>Recommendation 2.10</p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 2. Board Committees 2.3. Audit Committee (2.3.1 to 2.3.4)</p>	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	AUDIT COMMITTEE CHARTER BOARD RISK OVERSIGHT COMMITTEE CHARTER	
3. Board approves the Internal Audit Charter.	COMPLIANT	INTERNAL AUDIT CHARTER	
Reccomendation 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	AUDIT COMMITTEE CHARTER	
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	BOARD RISK OVERSIGHT COMMITTEE CHARTER	
Reccomendation 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	BOARD OF DIRECTORS CHARTER	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	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.			
Reccomendation 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	COMMITTEES' CHARTERS	
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	AUDIT COMMITTEE CHARTER	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	NON-COMPLIANT		The Board will consider this recommendation.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	NON-COMPLIANT		The Board will consider this recommendation.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	2023 LIST OF COMMITTEE MEMBERSHIP	
Recommendation 3.3			
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	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 2. Board Committees 2.2. Corporate Governance Committee (2.2.1 to 2.2.8)	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	COMPLIANT		
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT		
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	BOARD RISK OVERSIGHT COMMITTEE CHARTER	

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	BOARD RISK OVERSIGHT COMMITTEE CHARTER Section 3. Committee Composition (A)	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		For composition.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	NON-COMPLIANT		For composition.
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	Related Party Transaction Committee	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	COMPLIANT	Related Party Transaction Committee	
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures,	COMPLIANT	CORPORATE GOVERNANCE COMMITTEE CHARTERS	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT		www.sterling-insurance.com.ph
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 attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele- /video conferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	2023 MINUTES OF ANNUAL MEETING	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	2023 MINUTES OF ANNUAL MEETING	

3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	2023 MINUTES OF ANNUAL MEETING	
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	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Directors 1.4. Qualifications of the Board of Directors (1.4.6) -	
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT		No discussion yet on the matter has transpired.
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	2023 Updated List of the Members of the Board of Directors & Executive Officers	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Director 1.6. Qualifications of an Independent Director (1.6.1 to 1.6.10)	
Recommendation 5.3			
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.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Director 1.8. Term Limits of Independent Director (1.8.1)	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Director 1.8. Term Limits of Independent Director (1.8.1)	
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.	COMPLIANT	As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 as provided in Recommendation 5.3. Hence, no Independent Director has yet reached the maximum nine (9)-year limit of service as such.	As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 as provided in Recommendation 5.3. Hence, no Independent Director has yet reached the maximum nine (9)-year limit of service as such.
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	2023 Updated List of the Members of the Board of Directors & Executive Officers	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	CORPORATE GOVERNANCE MANUAL III. Corporate Governance Structure 1. Board of Directors 1.10. Specific Duties and Responsibilities of the Chairman of the Board of Directors (1.10.1 to 1.10.10) 3. Key Officers and their Responsibilities 3.1. The President and General Manager (3.1.1 to 3.1.11)	
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.	COMPLIANT	The Chairman of the Board is not an Independent Director	The Chairman of the Board is not an Independent Director
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	No Directors had any material interest in the transactions of the company	No Directors had any material interest in the transactions of the company
Recommendation 5.7			

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.	COMPLIANT	AUDIT COMMITTEE CHARTER	Part of the duties and responsibilities of the Audit Committee.
2. The meetings are chaired by the lead independent director.	COMPLIANT		
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.			
Recommendation 6.1			
1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	BOARD OF DIRECTORS CHARTER Section 12. Annual Performance Evaluation of the Board and Key Officers	
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	COMMITTEE CHARTERS	
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.	COMPLIANT		
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	BOARD OF DIRECTORS CHARTER Section 12. Annual Performance Evaluation of the Board and Key Officers	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	COMMITTEE CHARTERS	
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	CODE OF DISCIPLINE	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	CODE OF DISCIPLINE	The Human Resource Department is responsible in the dissemination of the hand book.
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	CODE OF DISCIPLINE	Posted in the company website
Recommendation 7.2			

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	CODE OF DISCIPLINE	All employees are required to acknowledge that they have read and understood the Code of Discipline and compliance therewith is mandatory.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		All employees are required to acknowledge that they have read and understood the Code of Discipline and compliance therewith is mandatory.

DISCLOSURE AND TRANSPARENCY

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

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	CORPORATE GOVERNANCE MANUAL	
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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	BIO-DATA (Board of Directors)	
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	COMPLIANT	BIO-DATA (Board of Directors)	

Recommendation 8.4

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.	COMPLIANT	REMUNERATION COMMITTEE CHARTER	
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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.	COMPLIANT	REMUNERATION COMMITTEE CHARTER	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT	Non-disclosure due to confidentiality. No law or circular mandating disclosure thereof.	Non-disclosure due to confidentiality. No law or circular mandating disclosure thereof.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions	COMPLIANT	RELATED PARTY TRANSACTIONS POLICY	Posted in the company website.
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	No material RPT recorded in 2023.	No material RPT recorded in 2023.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual On Corporate Governance (MCG).	COMPLIANT	CORPORATE GOVERNANCE MANUAL	
2. Company's MCG is posted on its company website.	COMPLIANT		Posted in the company website.
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.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	AUDIT COMMITTEE CHARTER	
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	AUDIT COMMITTEE CHARTER	

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.	COMPLIANT	No occurrence yet of such instance that the Company changed or removed the external audit.	No occurrence yet of such instance that the Company changed or removed the external audit.
Recommendation 9.2			
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 iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	AUDIT COMMITTEE CHARTER Section 2. Duties and Responsibilities (A-I)	
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	AUDIT COMMITTEE CHARTER Section 2. Duties and Responsibilities (A-I)	
Recommendation 9.3			
1. Company disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	No non-audit services are performed by the External Auditor.	No non-audit services are performed by the External Auditor.
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	No non-audit services are performed by the External Auditor.	No non-audit services are performed by the External Auditor.
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, emphasis on the management of economic, environmental, social and governance (EESG) issues of its business which underpin sustainability	COMPLIANT	CORPORATE GOVERNANCE MANUAL	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT		Recommendation is under consideration by the Company.
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	COMPLIANT	www.sterling-insurance.com.ph	
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			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	CORPORATE GOVERNANCE MANUAL	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	CORPORATE GOVERNANCE MANUAL	
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	COMPLIANT	AUDIT COMMITTEE CHARTER	The company has an Internal Auditor.
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT		For recommendation to the Board.
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.	NON-COMPLIANT		

1. 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.	COMPLIANT	Internal Audit activities are not outsourced.	Internal Audit activities are not outsourced.
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	BOARD RISK OVERSIGHT COMMITTEE CHARTER	
Recommendation 12.5			
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	BOARD RISK OVERSIGHT COMMITTEE CHARTER	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities	COMPLIANT		
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS			
Principle13: 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.	COMPLIANT	CORPORATE GOVERNANCE MANUAL	
2. Board ensures that basic shareholders rights are disclosed on the company's website	COMPLIANT		
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 21 days before the meeting.	COMPLIANT	Notice of 2023 Annual Stockholder's Meeting	
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.	COMPLIANT	2023 MINUTES OF ANNUAL MEETING	

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.	NON-COMPLIANT	The Company will make the Minutes of the Annual and Special Shareholders' Meetings available on the company website within five business days from the end of the meeting.	The Company will make the Minutes of the Annual and Special Shareholders' Meetings available on the company website within five business days from the end of the meeting.
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	NON-COMPLIANT	The Company will draft an alternate dispute mechanism.	The Company will draft an alternate dispute mechanism.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	NON-COMPLIANT	The Company will include the alternate dispute mechanism in the company's Corporate Governance Manual.	The Company will include the alternate dispute mechanism in the company's Corporate Governance Manual.
DUTIES TO STAKEHOLDERS			
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	CORPORATE GOVERNANCE MANUAL	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	CORPORATE GOVERNANCE MANUAL	
Recommendation 14.3			
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.	COMPLIANT	ANTI-BRIBERY AND CORRUPTION POLICY	
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	CORPORATE GOVERNANCE MANUAL	
Recommendation 15.2			

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.	COMPLIANT	ANTI-BRIBERY AND CORRUPTION POLICY	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Policies are posted in the company's website.	Policies are posted in the company's website.
Recommendation 15.3			
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	COMPLIANT	ANTI-BRIBERY AND CORRUPTION POLICY	
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	CORORATE GOVERNANCE MANUAL	
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.			
Recommendation 16.1			
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.	COMPLIANT	CORPORATE SOCIAL RESPONSIBILITY CERTIFICATIONS	