

THE MERCANTILE INSURANCE CO., INC.

2/F MERCANTILE INSURANCE BUILDING, BEATERIO CORNER GEN. LUNA STS., INTRAMUROS, MANILA

MANUAL (FOR COMPLIANCE COMMITTEE)

This Manual sets out the composition, role, responsibilities and operations of the Compliance Committee (the "Committee") of the Board of Directors ("Board") of The Mercantile Insurance Co., Inc. (the "Company").

I. COMPOSITION

The Committee shall be composed of the following:

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| 1 | Two Independent Directors |
| 2 | |
| 3 | President as Executive Director |
| 4 | Chief Operating Officer |
| 5 | Compliance Officer – AMLA |
| 6 | Compliance Officer – Corporate Governance |
| 7 | Compliance Officer – Data Privacy Act |
| 8 | Head of Internal Audit |

II. ROLE

The Committee is tasked to provide assistance and recommendations to the Board of Directors in their corporate governance and compliance responsibilities.

THE MERCANTILE INSURANCE CO., INC.
BOARD OF DIRECTORS

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III. DUTIES AND RESPONSIBILITIES

3.1. CORPORATE GOVERNANCE:

The Committee is required to make sure that the corporation shall adhere to good corporate governance, principles and practices.

The Committee, likewise, shall oversee the effective implementation of the corporation's corporate governance framework, and timely review the same to ensure that it remains relevant and consistent with the international best practices and the material changes to the Corporation's size, complexity and business strategy, as well as its business regulatory environment.

In addition to the above-mentioned duties and responsibilities, the Committee shall:

- a. Oversee the annual self-assessment/performance evaluation of the Board and its Committees, including but not limited to the management, the chairman of the Board, and individual directors.
- b. Conduct and submit an annual self-evaluation of its performance.
- c. Ensure that every three (3) years, the assessment mentioned under 3.1. (a) and (b) shall be supported with an external facilitator.
- d. See to it that the results of the Board evaluation are discussed, shared, and subsequently formulate, develop action plans to address the determined areas of improvement.
- e. Recommend continuing education and training programs for the directors and key officers.
- f. Adopt good corporate governance policies and ensure that these are regularly updated in conformity with the required form and substance.
- g. Promote and recommend the adoption of internationally accepted standards for sustainability reporting, comprising non-financial information, with emphasis on the corporation's evaluation and management of the economic, environmental, social and governance (EESG) issues, risks and opportunities of the corporation, in order to

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optimize business operations, encourage competitiveness, shareholder value and long term success.

- h. Make sure that the corporation provides a comprehensive report to all its stockholders, giving them material information with respect to sustainability and corporate governance practices, and its respective impact to the business.

3.2. COMPLIANCE:

The Committee is tasked to ensure compliance with all applicable laws, rules and regulations imposed by the regulatory authorities. It shall also:

- a. Review the effectiveness of the management system with respect to:
 - (i) the submission of all reportorial requirements, (ii) the resolutions and action plans taken in accordance with the results of any assessment or investigation conducted by the Management or the Internal Audit Group.
- b. Review the findings from any examinations conducted by regulatory bodies and other audit observations.
- c. Oversee and ensure periodic review of the corporation's Code of Ethics, Business Conduct and the system for monitoring compliance with this Code.
- d. Evaluate the management's compliance with the Code of Ethics and Business Conduct.
- e. Ensure effectiveness of the process of communicating the Code of Ethics and Business Conduct, and monitor compliance by the corporation's personnel.
- f. Acquire regular and timely updates from the management and/or chief compliance officer regarding compliance details.

IV. MEETINGS

Committee Meetings shall be held at least four (4) times a year or as often as it may deem necessary, upon call by any bona fide member.

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Meetings will be held as follows:

January – 4th Thursday

April – 4th Thursday

July – 4th Thursday

October – 4th Thursday

The presence of five (5) members are sufficient to constitute a quorum, to exercise all or any of the authorities, powers or discretions vested in the Committee. The Committee may invite members of the management, consultants/advisors and/or others to attend the committee meetings.

V. REPORTS

The Committee, through its Chairman, shall report to the Board regarding all Committee actions, activities, deliberations, decisions and recommendations.

VI. COMMITTEE ADVISORS

Whenever deemed necessary, the Committee is authorized to procure the services of an independent advisor/s, for the proper performance of its Committee functions under this Charter.

VII. ANNUAL REVIEW OF CHARTER

The Committee shall conduct an annual review and assessment of the adequacy of the Committee Manual, and propose any changes as may be deemed necessary for the Board's approval.

VIII. EFFECTIVITY

This Charter shall take effect immediately upon approval by the Board of Directors.

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