

ANNUAL CORPORATE GOVERNANCE REPORT

|                            |                        |             |
|----------------------------|------------------------|-------------|
| COMPLIANT/NON<br>COMPLIANT | Additional Information | Explanation |
|----------------------------|------------------------|-------------|

The Board's Governance Responsibilities

Recommendation 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

1 & 2. Arians is composed of 4 directors, has collective qualifications, work and professional experience, expertise and relevant training in their respective fields.

2. Board has an appropriate mix of competence and expertise.

Compliant

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

Arians 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 company. They also actively participate during the Board meetings.

Recommendation 1.2

1. Board is composed of a majority of non-executive directors

Compliant

Arians Director is composed of 4 non- executive directors namely:  
 Eleanor G. Tuazon  
 Dennis Dylan F. Jimenez  
 Hermenegildo L. Berena  
 Noriza E. Lantin

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| <p>Recommendation 1.3</p> <p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.</p> <p>Compliant</p>   | <p>Arians is a newly established broker which started its operation middle of 2017. Arians Manual Corporate of Governance is currently on-going. Included in the preparation of MCG is to promote effective board performance and continuing qualification of the directors in carrying out their duties &amp; responsibilities.</p> |             |
| <p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.</p> <p>Compliant</p> <p>3. Company has relevant annual continuing covered training for all directors.</p> <p>Compliant</p> | <p>Arians will provide orientation on newly elected director/s in the future</p> <p>Arians will provide yearly training for its directors and key officers as soon as practicable</p>  |             |
| <p>Recommendation 1.4</p> <p>1. Board has a policy on board diversity.</p> <p>Compliant</p>   | <p>Arians provides for its policy to embrace board diversity which include but not limited to age, gender, culture, skills and knowledge among directors.</p>  |             |
| <p>Recommendation 1.5</p> <p>1. Board is assisted in its duties by a Corporate Secretary</p> <p>Compliant</p>   | <p>The Board, is assisted by its Corporate Secretary, who is Filipino Citizen and a resident of the Philippines</p>  |             |
| <p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p> <p>Compliant</p>  | <p>The Corporate Secretary of Arians is a separate individual from Compliance Officer.</p>   |             |

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| 3. Corporate Secretary is not a member of the Board of Directors  | Compliant               |                        | Arians Corporate Secretary is not a member of the Board of Directors    |
| 4. Corporate Secretary attends training/s on governance.  | Compliant               |                        | Corporate Secretary attends trainings when available                    |
| <b>Recommendation 1.6</b>   |                         |                        |   |
| 1. Board is assisted by a Compliance Officer  | Compliant               |                        | The Board appoints Ms. Chona M. Jacinto as Compliance Officer of Arians |
| 2. Compliance Officer has a rank of Vice President or equivalent position with adequate stature and authority in the corporation. | Compliant               |                        |   |
| 3. Compliance Officer is not a member of the board.   | Compliant               |                        | The Compliance Officer is also the CEO of the company.                  |
| 4. Compliance Officer attends training/s on corporate governance annually.  | Compliant               |                        | The CO attends trainings whenever available                             |

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

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| <p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>   | <p>The Board and each of the directors are aware and understand their roles and responsibilities as provided in the by-Laws.</p> |  |
| <p>Recommendation 2.2<br/>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>   | <p>Compliant</p>   |  |
| <p>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..</p> | <p>Compliant</p>   | <p>The Board of directors is primarily responsible for the governance of the Company. It shall provide the independent check on the management of the company.</p>   |
| <p>Recommendation 2.3<br/>1. Board is headed by a competent and qualified Chairperson.</p>  | <p>Compliant</p>   | <p>Arians Chairman of the Board has the academic qualifications, professional/business experience for the position.<br/><a href="http://www.arians.website/OurTeam.php">www.arians.website/OurTeam.php</a></p> |
| <p>Recommendation 2.4<br/>1. Board ensures and adopts an effective succession planning program for directors, key officers and management</p>                                   | <p>Compliant</p>   | <p>The Board shall ensure the adoption of an effective succession planning program for its directors and key officers to ensure growth and continued operation of the company</p>                              |

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| 2. Board adopts a policy on the retirement for directors and key officers   | Compliant               |                        |  |
| Recommendation 2.5  |                         |                        |  |
| 1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members. | Compliant               |                        |  |
| 2. Board aligns the remuneration of key officers and board members with long term interests of the company                                  | Compliant               |                        | A Remuneration and Compensation committee has been formed by the company |
| 3. Directors do not participate in discussion or deliverables involving his/her own remuneration  | Compliant               |                        |  |
| Recommendation 2.6  |                         |                        |  |
| 1. Board has a formal and transparent board nomination and election policy  | Compliant               |                        | A Nomination Committee has been formed by the company.                   |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate governance.                                       | Compliant               |                        | A Nomination Committee has been formed by the company.                   |
| 3. Board nomination and election policy includes how the company accepts nomination from minority shareholders                              | Compliant               |                        |  |
| 4. Board nomination and election policy includes how the board reviews nominated candidates   | Compliant               |                        |  |

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| <p>5. Board nomination and election policy includes an assessment of the effectiveness of the an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> <p>Compliant</p>                             | <p>A Nomination Committee has been formed by the company.</p> |             |
| <p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p> <p>Compliant</p>   |   |             |
| <p>Recommendation 2.7</p>  |   |             |
| <p>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 infrequent occurring transactions.</p>  | <p>The company has no related party transactions.</p>         |             |
| <p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>   | <p>The company has no related party transactions.</p>         |             |
| <p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>  |   |             |
| <p>Recommendation 2.8</p>  |   |             |
| <p>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 ).</p> <p>Compliant</p> | <p>Stated in the Manual of Corporate Governance</p>           |             |

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| <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> | Compliant               | Stated in the Manual of Corporate Governance |   |
| <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>                       | Compliant               |  | Arians' Management adopts the annual target set /approved by the Board as part of the performance assessment of Management team |
| <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>   | Compliant               |  |   |
| <p>Recommendation 2.10</p>   |                         |  |   |
| <p>1. Board oversees that an appropriate internal control system is in place.</p>  | Compliant               |  | Arians has internal control in place as per Operations manual set by the management.  |
| <p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the management, members and shareholders</p>  | Compliant               |  | Arians has internal control in place as per Operations manual set by the management.  |

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| 3. Board approves the Internal Audit Charter.  | Compliant                  | The Board approved the Operations Manual set by the management.   |             |
| Recommendation 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                  | Provides oversight over Management activities in managing market, collections and other risk of the company.            |             |
| 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                  | Provides insight on significant risk exposures and control issues, including fraud risks, governance issues and others. |             |
| 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                                  | Compliant                  | Stated in the Manual of Corporate Governance  |             |
| 2. Board Charter serve as a guide to the directors in the performance of their functions.  | Compliant                  | Stated in the Manual of Corporate Governance  |             |
| 3. Board Charter is publicly available and posted on the company's website   | Compliant                  | Stated in the Manual of Corporate Governance  |             |

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.



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| <b>Recommendation 3.1</b>  |                            |  |             |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.  | Compliant                  | The pertinent Committees are in place  |             |
| <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. | Compliant                  | Management has set internal control on its operations.   |             |
| 2. Audit Committee is composed of at least three appropriately qualified non executive directors, the majority of whom, including the Chairman is independent  | Compliant                  | A Board Resolution has been issued for the appointment of 3 qualified members of the audit committee                 |             |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.   | Compliant                  | Members have relevant background, knowledge, skills and experience in the areas of Accounting, Auditing and Finance. |             |
| 4. The Chairman of the audit committee is not the Chairman of the Board or of any other committee  | Compliant                  | The Chairman of the Audit Committee is not a Chairman of the Board or of any other committee                         |             |
| <b>Recommendation 3.3</b>  |                            |  |             |

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| <p>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.</p> | <p>A Corporate Governance Committee has been formed by the company</p>  |             |
| <p>2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.</p>  | <p>A Corporate Governance Committee has been formed by the company</p>  |             |
| <p>3. Chairman of the Corporate Governance Committee is an independent director</p>  | <p>A Corporate Governance Committee has been formed by the company</p>  |             |
| <p>4. The Chairman of the BROOC is not the Chairman of the Board or of any other committee.</p>  | <p>The Chairman of the BROOC is not the chairman of the Board or of any other committee</p>                                       |             |
| <p><b>Recommendation 3.4</b></p>   |   |             |
| <p>1. Board establishes a separate Board Risk Oversight Committee (BROOC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>                               | <p>The Corporate Governance Committee and the BROOC has been formed</p>   |             |
| <p>Compliant</p>   |   |             |
| <p>2. BROOC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>   | <p>BROOC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p> |             |
| <p>3. The Chairman of the BROOC is not the Chairman of the Board or of any other committee.</p>  | <p>The Chairman of the BROOC is not the chairman of the Board or of any other committee</p>                                       |             |
| <p>Compliant</p>   |   |             |
| <p>4. At least one member of the BROOC has relevant thorough knowledge and experience on risk and risk management.</p>   |   |             |
| <p>Compliant</p>   |   |             |

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| <p>Recommendation 3.5</p> <p>1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>                    |                            | No Related Party Transactions                            |             |
| <p>2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p> <p>Recommendation 3.6</p>  |                            | No Related Party Transactions                            |             |
| <p>1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information</p> | Compliant                  | Stated in the Manual of Corporate Governance             |             |
| <p>2. Committee Charters provide standards for evaluating the performance of the Committees</p>   | Compliant                  | Stated in the Manual of Corporate Governance             |             |
| <p>3. Committee Charters were fully disclosed on the company's website.</p>   | Pending                    | To be uploaded once approved by the Insurance Commission |             |

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.

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Recommendation 4.1

Compliant

1. The Directors attends and actively participates 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

Arians directors attends and actively participate in the Board meetings. Minutes of the meetings are available upon request.

Compliant

2. The directors review meeting materials for all Board and Committee meetings

Meetings request were sent to directors in advance. Directors can also request necessary information directly to management.

Compliant

3. The directors asks the necessary questions or seek clarifications during the Board and Committee meetings.

Corporate Secretary attest that the directors asked the necessary questions or seek clarification during the meetings.

Recommendation 4.2

Compliant

1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (CRES) 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

Directors are always present in all meetings of the Board. They regularly review the minutes of the meetings and gives opinion and recommendations.

Recommendation 4.3

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| 1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.  | Compliant              | Arians requires directors who are nominated to provide their list of directorship in other companies. |
| Principle 5: The Board should endeavour to exercise an objective and Independent judgement on all corporate affairs.   |                        |   |
| Recommendation 5.1   |                        |   |
| 1. The Board is composed of at least twenty percent (20%) independent directors.   | Compliant              |   |
| Recommendation 5.2   |                        |   |
| 1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.  | Compliant              |   |
| Recommendation 5.3   |                        |   |
| 1. The independent directors serve for a maximum cumulative term of nine years.  | Compliant              |   |
| 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. |                        |   |

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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.

2. The company bars an independent director from serving in such capacity after the term limit of nine years.

Compliant

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

Recommendation 5.4

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.

Compliant

Chairman of the Board and CEO is held by one person.

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities

Compliant

Recommendation 5.5

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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

Lead Director is 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

A director with material interest in a transaction shall abstain from taking part of the deliberation of the same.

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

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

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| 1. The Board conducts an annual assessment of its performance as a whole.  | Compliant                  |                        | The Board regularly carry out annual assessment of its performance                |
| 2. The performance of the Chairman is assessed annually by the Board   | Compliant                  |                        | The Chairman annually conduct self assessment of her performance                  |
| 3. The performance of the individual member of the Board is assessed annually by the Board.  | Compliant                  |                        | Individual members annually conduct self-assessment of their performance          |
| 4. The performance of each committee is assessed annually by the Board.  | Compliant                  |                        | Each committee is assessed by the Board   |
| 5. Every three years, the assessments are supported by an external facilitator.  |                            |                        | The company started full operations in 2018 only                                  |
| <b>Recommendation 6.2</b>  |                            |                        |   |
| 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                  |                        | The Board assesses their performance individually through self rating.            |
| 2. The system allows for a feedback mechanism from the shareholders  | Compliant                  |                        | Shareholders are given opportunity to provide feedback during the annual meeting. |

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



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| 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                  | Business code of conduct is in place |             |
| 2. The Code is properly disseminated to the Board, senior management and employees  | Compliant                  | Business code of conduct is in place |             |
| 3. The Code is disclosed and made available to the public through the company website.  | Compliant                  | Business code of conduct is in place |             |
| Recommendation 7.2  |                            |                                      |             |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.   | Compliant                  | Business code of conduct is in place |             |
| 2. Boards ensures the proper and efficient implementation and monitoring of compliance with company internal policies.  | Compliant                  | Business code of conduct is in place |             |
| 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.

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COMPLIANT/NON  
COMPLIANT

Additional Information

Explanation

Recommendation 8.1

Compliant

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.

To ensure accurate, reliable and timely reports to shareholders that gives a fair and complete pictures of company's financial condition, results and business operations. Close coordination between the Management and the Board in the preparation and submission of reports.

Recommendation 8.3

Compliant

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.

All relevant and material information on individual members is disclosed in Annual Board Meeting

Compliant

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 may affect the judgement

Recommendation 8.4

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| <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>Disclose or provide link/reference to the company policy and practice for setting board remuneration.</p>         |             |
| <p>Compliant</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>Disclose or provide link/reference to the company policy and practice for determining executive remuneration.</p> |             |
| <p>Compliant</p>  |  |             |
| <p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>   |  |             |
| <p>Recommendation 8.5</p>   | <p>Company has no existing Related Party transactions.</p>   |             |
| <p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.</p>  | <p>Company has no existing Related Party transactions.</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>Company has no existing Related Party transactions.</p>   |             |

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| <p>Recommendation 8.7</p> <p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p> <p>2. Company's MCG is posted on its company website.</p>   | <p>Compliant</p> <p>Compliant</p>                  | <p>Manual of Corporate Governance in place</p> <p>Manual of Corporate Governance in place</p>   |             |
| <p>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.</p> <p>Recommendation 9.1</p> <p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p> <p>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.</p> <p>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.</p> | <p>Compliant</p> <p>Compliant</p> <p>Compliant</p> | <p>Audit Committee has been formed</p> <p>The appointment of external auditor is approved by the Board and accredited by the Insurance Commission</p> <p>There are no changes in the engagement of the external auditor since the company started its operation in mid of 2017.</p> |             |

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COMPLIANT/NON  
COMPLIANT

Additional Information

Explanation

Recommendation 9.2

Compliant

The company is audited by an External auditing firm approved by the Board and Insurance Commission

1. Audit Committee Charter includes the Audit Committee's responsibility on:

i. assessing the integrity and independence of external auditors;

The Management oversight and assess the integrity of the 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.

2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

The Management is responsible in reviewing and monitoring the external auditor's effectiveness.

Compliant

Compliant

Recommendation 9.3

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.

Compliant

There's no other services rendered by external auditors aside from the audit of annual financial statements

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COMPLIANT

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Explanation

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.

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, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

not applicable

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.

not applicable

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

ANNUAL CORPORATE GOVERNANCE REPORT

|                            |                        |             |
|----------------------------|------------------------|-------------|
| COMPLIANT/NON<br>COMPLIANT | Additional Information | Explanation |
|----------------------------|------------------------|-------------|

|  |                  |  |
|--|------------------|--|
| <p>1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.</p> | <p>Compliant</p> | <p>Arians has an existing website.<br/><br/><a href="http://www.arians.website">www.arians.website</a></p> |
|--|------------------|--|

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

The company has internal control system set in the manual of operations

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.

Compliant

The company has Enterprise Risk Management system set in the manual of operations

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

The Company has no independent internal audit function. The CEO and Finance Head are responsible in overseeing the company's operations.

Recommendation 12.3

ANNUAL CORPORATE GOVERNANCE REPORT

| COMPLIANT/NON<br>COMPLIANT   | Additional Information | Explanation  |
|--|------------------------|--|
| 1. The company has a qualified Chief Audit Identify the company's Chief Audit  | Compliant              | The Company has a qualified Chief Audit Executive  |
| 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  | Compliant              | The CEO and Finance Head are responsible for the internal activity of the company in replacement for the CAE |
| 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. | Compliant              | not applicable   |
| Recommendation 12.4  |                        |  |
| 1. The Company has a separate risk management function to identify, assess and monitor key risk exposures.   |                        | not applicable   |
| 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              | The Company has a qualified Technical Head functioning as Underwriting/Claims and Chief Risk Officer         |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.   | Compliant              |  |



ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/NON  
COMPLIANT

Additional Information

Explanation

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitable, 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

Company's Manual on Corporate Governance is still on process

2. Board ensures that basic shareholder rights are disclosed on the company's website.

Pending

Company's website is still under service maintenance but ensures that shareholder rights be indicated in the website as soon as practicable.

Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders with sufficient and relevant information at least 21 days before the meeting.

Compliant

The Corporate Secretary ensure that the notice is sent to the Shareholders prior the Annual and Special 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

Will provide the information containing relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.

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.

Pending

Our website is currently for service maintenance. Will ensure that the ASMs are available in the website.

ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/NON COMPLIANT Additional Information Explanation

Recommendation 13.4

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner  
Compliant Stated in the Manual of Corporate Governance

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance  
Compliant Stated in the Manual of Corporate Governance

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 Stated in the Manual of Corporate Governance

Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders  
Compliant Stated in the Manual of Corporate Governance

ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/NON  
COMPLIANT

Additional Information

Explanation

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

Stated in the Manual of Corporate Governance

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

Stated in the Manual of Corporate Governance

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

Business code of conduct is stipulated in the Manual of Corporate Governance.

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.

Compliant

Recognizing the need of employees for growth, training and developmental programs are offered to all levels

Recommendation 15.3


ANNUAL CORPORATE GOVERNANCE REPORT


| COMPLIANT/NON<br>COMPLIANT   | Additional Information   | Explanation |
|--|--|-------------|
| <p>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.</p> <p>Compliant</p>   | <p>Stated in the Manual of Corporate Governance and Employee Manual</p>  |             |
| <p>2. Board establishes a suitable framework for whistle blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns</p> <p>Compliant</p>  |  |             |
| <p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p> <p>Compliant</p>   |  |             |
| <p>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.</p> |  |             |
| <p>Recommendation 16.1</p>   |  |             |
| <p>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.</p> <p>Compliant</p>                         | <p>Arians recognizes the importance of understanding with its customer feedback mechanism to establish a good business relationship that allows the company to grow.</p> |             |

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 \_\_\_\_ day of July 2021.

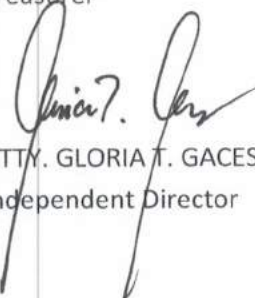
  
CHONA M. JACINTO  
Chairman of the Board

  
CHONA M. JACINTO  
President/CEO

  
FLORENCIO V. ARINGO  
Corporate Secretary

  
CHONA M. JACINTO  
Corporate Governance  
Compliance Officer

  
ROMEO C. DIOLATA  
Treasurer

  
ATTY. GLORIA T. GACES  
Independent Director

  
VICTOR VLADIMIR Q. PADILLA  
Independent Director

**JUL 30 2021**

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of July 2021, by the following who are all personally known to me and who exhibited to me their respective identification document as follows:

| <u>Name:</u>                  | <u>ID No.</u>                   | <u>Place Issued</u> |
|-------------------------------|---------------------------------|---------------------|
| 1. Chona M. Jacinto           | Driver's Lic. No. N11-83-003529 | Pasig City          |
| 2. Florencio V. Aringo        | Driver's Lic. No. N01-04-002115 | Muntinlupa City     |
| 3. Romeo C. Diolata           | Driver's Lic. No. N04-89-125940 | Cainta Rizal        |
| 4. Atty. Gloria T. Gaces      | IBP Roll No. 41044,RSM Chapter  |                     |
| 5. Victor Vladimir Q. Padilla | Tin No. 220-986-120             |                     |

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Series of 2021.

  
**ATTY. ROBERT N. LLUZ**  
**NOTARY PUBLIC**  
Until December 31, 2021  
Appt. No. M-37, Makati City  
IBP #135589 for 2021 - RSM  
S.C Roll No 59597  
PTR #8533515, Jan. 94, 2021-Makati  
MCLE Compliance No VI-0028451  
Issued on 08-28-2019, Valid until 04-14-2022  
Unit 301 3<sup>rd</sup> Flr Campos Rueda Bldg  
101 Urban Ave., Brgy Pio del Pilar Makati City