

EMPIRE INSURANCE COMPANY
CORPORATE GOVERNANCE 2018 and 2019
SUPPLEMENT

RESPONSIBILITY FOR GOOD GOVERNANCE

- . Good Corporate Governance is the responsibility and concern, not only of the Board of Directors and Management but also of each and every employee of the Corporation. The Board of Directors sees to it that a system of rules and regulations is in place defining the duties and responsibilities of each and every office and employee to accomplish the objective.

IMPLEMENTATION AND ENFORCEMENT

- . EMPIRE INSURANCE COMPANY strives for best practices in order to raise its Corporate Governance to international standards.

RIGHTS OF STOCKHOLDERS

- . The Increase in Capitalization was approved by the Securities and Exchange Commission on June 14, 2018.
- . Subscription of Stockholders on Redeemable Convertible Preferred Shares were paid. Shares of Stock distributed.
- . There was declaration of cash dividend for the year 2018 distributed to stockholders of Redeemable Convertible Preferred Shares.
- . The Annual Stockholders' Meeting is scheduled every 3rd Thursday of April yearly.
Special Meetings are scheduled as the needs arise.
- . The Nomination Committee welcomes all nomination for evaluation.
- . The Company sends Notices and Agenda of Annual Stockholders Meeting more than 21 days prior to date of Meeting.
- . The Notice and Agenda sent to Stockholders 41 days prior to the set Meeting, more than required.
- . No merger transpired. In case of a merger, acquisitions and/or takeover requiring shareholders approval, the Board of Directors will appoint an independent party to evaluate.
- . Management awards contracts to suppliers through closed bidding.
- . Safeguards are stipulated in contracts such as performance bonds. Contracts are reviewed by Legal Counsels and elevated in the Board Meetings.
- . By its nature, our business has limited impact on the environment.
- . The Company practices recycling of paper and conscious minimization of electricity usage during noon breaks.
- . Management sees to it that dealing with stockholders are above board.
- . Sensitive matters are presented to the Board or taken up with the Legal Counsel.
- . Internal Audit lays out procedures and enforces implementation to avoid corruption.

SHARES AND VOTING RIGHTS

- . The Company has two classes of shares - Common shares and Redeemable Convertible Preferred Shares.
Each Stockholder of record is entitled to one vote for each share of stock in his/her name.

NOTICE OF ANNUAL STOCKHOLDERS MEETING

- . Each Resolution deals with only one item.
- . Notices including the Agenda are delivered to all stockholders. Notices are written in English.
- . Agenda of the Meeting sent to Stockholders include explanation.
- . Proxy documents, are delivered timely over 21 days prior to the date of meeting and include proposed matters for shareholder votation.
- . Duly accomplished Proxy forms are collected from stockholders without need to be notarized
- . Stockholders are furnished with sufficient information concerning the date, location and agenda of the General Meeting as well as information regarding issues to be decided on in the meeting.
- . Shareholders are informed of the rules including voting procedures that govern shareholders meetings.
- . The Board of Directors selects and recommends the Auditor seeking appointment in the Stockholders Meeting.

RELATED PARTY TRANSACTIONS

Related-party transactions are conducted on terms that are at least comparable to normal commercial terms in order to safeguard the best interests of the insurance Corporation and its policyholders, creditors and claimants. In all cases, the provisions of Title 20 Chapter III of the Insurance Code are complied with. Related-party transaction are disclosed fully to the Board. Prior Board approval are obtained for related-party transactions that are material in nature.

WELFARE POLICIES FOR ITS EMPLOYEES

- . The Company enrolls employees in the Insurance Development Programs of the Insurance Institute for Asia the Pacific.
- . The Company also gives in-house Insurance training and seminar for employees by training providers accredited by the Insurance Commission.
- . The Company provides Healthcare Maintenance and Life Insurance for its Employees.
- . The Company conducts annual Fire and Earthquake drills for its employees.
- . The Company has Fire and Earthquake Contingency plans for the safety and welfare of its employees.
- . The Company has a reward/compensation policy Company benefits: Professional Incentive Bonus, Years-of-Service Awards, Christmas Bonus; and Profit Sharing Bonus.
- . Given the Company's lean organizational chart, the open door Policy serves as the effective mode of relaying concerns to the Board Management is discreet on addressing such reports and keeps informants names confidential.

FINANCIAL REPORTING

- . The Board ensures timely and accurate disclosure of all material matters including the financial condition, performance, ownership and governance of the Corporation.
- . Fair, timely and cost-efficient access to relevant information is made available to all parties with a legitimate interest in the Corporation. Key financial information are readily and easily accessible to shareholders, policyholders, creditors and claimants in the Audited Financial Statements.
- . The Board and Senior Management receive regular reports on all key aspects of the operations of the insurance Corporation, which include an analysis of premium growth, underwriting performance, investment results, claims management and credit control to provide a sound basis for assessing financial performance and condition, identifying real and potential problems and formulating appropriate policies and strategies.
- . The Board ensures faithful compliance with the financial and other reportorial requirements under the Insurance Code using a standard format provided by the Insurance Commission.

TRANSPARENCY

- . Disclosure includes material information on the financial and operation results of the Corporation in the Audited Financial Statement of the Company and Annual Statement submitted to the Insurance Commission.

INTERNAL CONTROL

- . The Board assures that an effective system of control is in place for safeguarding the Corporation's assets.
- . Major risks facing the corporation which are likely to affect the performance and financial condition, including underwriting risk, reinsurance risk, investment risk, geographical risk, operational risk and legal risk and the approach taken by Management in dealing with these risks, are reported to the Board to enable the latter to effectively address said risks.
- . The Board ensures that reports accurately reflect the financial condition of the Corporation and the results of its operations.
- . The Board regularly reviews the system for ensuring adherence to key internal policies as well as significant laws and regulations that apply to it.
- . Effective and comprehensive internal audit of the Corporation's internal control system are carried out by an operationally independent and competent outsourced staff. Audit findings and recommendations are reported to the Board and Senior Management.
- . One of the most important missions of the Board is protect shareholders value through adequate financial controls. The Board shall foster and encourage a corporate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and the Company's Code of Conduct.

TIMELY FILING/FINANCIAL REPORTS

- . Audited Annual Financial reports are submitted to Bureau of Internal Revenue, Securities & Exchange Commission and the Insurance Commission.
- . The Statement of Management Responsibility for Financial Statements in the Audited Financial Statement is signed by the Chairman, the President & CEO, and the Treasurer.

ACCESS TO INFORMATION

- . Board members obtain accurate relevant and timely information; Production and other financial reports are presented on the meeting itself.
- . The Secretary ensures that all appointments are properly made, all necessary information are obtained from Directors for Company records for the purposes of meeting statutory obligations arising from requirements of the Insurance Commission and other Regulatory Agencies.

MEDIUM OF COMMUNICATION

- . Company Website
- . Monthly Reports to the Board of Directors
- . Newspaper for Synopsis
- . Company Profile

BOARD APPOINTMENTS

- . The Directors were re-nominated and elected based on their qualifications and performance.
- . Directors are conscious of their accountabilities to shareholders. All of them attended Corporate Governance Seminar.
- . Board members have appropriate knowledge, competencies and expertise to complement the existing skills of the Board, thereby improving its potential for the Company.