

ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
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	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance ANNEX "1" 2023 Annual Report covering CY2022 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-report 2024 Annual Report covering CY2023 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-2023	
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		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	Identify or provide link/reference to a document identifying the directors and the type of their directorships ANNEX "1" 2023 Annual Report covering CY2022 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-report 2024 Annual Report covering CY2023 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-2023	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	

		<p>ANNEX "1" 2023 Annual Report covering CY2022 page 10 to 11 and page 44 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 10 to 11 and page 44 https://psmbfi.com.ph/about-us/#annual-2023</p>	
2. Company has an orientation program for first time directors.	COMPLIANT	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	Executive briefing is conducted to newly elected Board of Trustees.
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>ANNEX "43" Executive Briefing CY2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/43.-EXECUTIVE-BRIEFING-2023.pdf</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 44 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 44 https://psmbfi.com.ph/about-us/#annual-2023</p>	Yearly, BOT attends training and seminars on corporate governance
Recommendation 1.4			

1. Board has a policy on board diversity.	NON-COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "7" SEC. 13,14,17, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	<p>SEC. 13,14,17, Amended By-Laws provide that regardless of gender or diversity, any person as long as member of the PSMBFI Equity Fund, maybe nominated and elected as member of the BOT.</p> <p>PSMBFI Board of Trustees is composed of 13 male directors and 2 female directors.</p>
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p> <p>Qualifications: ANNEX "1" 2023 Annual Report covering CY2022 page 15 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 19 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>Duties and Functions: ANNEX "7" ART XIII, SEC. 29, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	<p>Corporate Secretary: Atty. Catherine E. Tamayo-Cipriano</p>
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 44 https://psmbfi.com.ph/about-us/#annual-report</p>	

		2024 Annual Report covering CY2023 page 44 https://psmbfi.com.ph/about-us/#annual-2023	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions. ANNEX "1" 2023 Annual Report covering CY2022 page 21 https://psmbfi.com.ph/about-us/#annual-report 2024 Annual Report covering CY2023 page 21 https://psmbfi.com.ph/about-us/#annual-2023 Duties and Functions: ANNEX "38" VP for Corporate Services Job Description https://psmbfi.com.ph/wp-content/uploads/2022/11/Job-Description-of-VP-for-Corporate-Services.pdf	Compliance Officer: 1. <u>MR. ANTHONY L. CUAYCONG</u> Position: VP for Corporate Services From March 8, 2021 to June 15, 2023 2. <u>MR. GABRIEL M. CASTRO JR.</u> Position: VP for Corporate Services From November 16, 2023 to April 15, 2024
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered ANNEX "1" 2023 Annual Report covering CY2022 page 44 https://psmbfi.com.ph/about-us/#annual-report 2024 Annual Report covering CY2023 page 44 https://psmbfi.com.ph/about-us/#annual-2023	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	

		<p>ANNEX "8 and 9" Minutes of GMME 2022 ratified during GMME 2023 https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>Minutes of GMME 2023 ratified during GMME 2024 https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p> <p>ANNEX "51 & 52" Board Resolutions ratified during GMME 2023 https://psmbfi.com.ph/wp-content/uploads/2023/04/Resolutions-for-Ratification-2022-2023.pdf</p> <p>Board Resolutions ratified during GMME 2024 https://psmbfi.com.ph/wp-content/uploads/2024/05/52.-BR-FOR-2023-2024-RATIFIED-DURING-GMME-2024.pdf</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 36 to 45 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 36 to 45 https://psmbfi.com.ph/about-us/#annual-2023</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	Every year the company conducts Strategic Planning Sessions
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	Indicate frequency of review of business objectives and strategy ANNEX "13 to 20" BR No. 2018-87 – 5 Year Development Plan 2019-2023 https://psmbfi.com.ph/wp-	

		<p>content/uploads/2023/05/14.-BR-2018-87-5-Year-Development-Plan-2019-2023.pdf</p> <p>BR No. 2019-85 - Medium Term Strategic Plan 2020-2024 https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2019-85-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2020-2024.pdf</p> <p>BR No. 2020-99 – Recalibrated PSMBFI Medium Term Strategic Plan for CY2021-2024 https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-99-RECALIBRATED-PSMBFI-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2021-2024.pdf</p> <p>BR No. 2021-132 – Three-Tiered Strategic Plan https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2021-132-THREE-TIERED-STRATEGIC-PLAN.pdf</p> <p>BR No. 2022-45 and 2022-132 – Tier 1 Balanced Scorecard https://psmbfi.com.ph/wp-content/uploads/2023/05/18.-BR-2022-45-and-2022-132-TIER-1-BALANCED-SCORECARD.pdf</p> <p>BR No. 2023-129 – Tier 1 Balanced Scorecard https://psmbfi.com.ph/wp-content/uploads/2024/05/18.-BR-2023-129-PSMBFI-STRATEGIC-PLAN-CY-2024-2026-TIER-1.pdf</p> <p>BR No. 2023-123 – Business Continuity Plan CY2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/19.-BR-2023-123-APPROVAL-OF-THE-PSMBFI-BUSINESS-CONTINUITY-PLAN-CY-2023.pdf</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	Chairman: Trustee Benjamin D. Santos, Jr.

		<p>Qualifications: ANNEX "1" 2023 Annual Report covering CY2022 page 12 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 12 https://psmbfi.com.ph/about-us/#annual-2023</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation	ART. IX, Section 13. There shall be fifteen (15) members of the Board of Trustees who shall be elected in the manner herein provided, their term of office shall be for two (2) years. They shall serve from the date of their qualification and until their successors have been elected and qualified;
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	ANNEX "7" ART IX, SEC. 13, 14, 16, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf	ART. IX, Section 14. The members of the Board of Trustees shall be elected by the membership at the regular meeting. The Board of Trustees elected in the General Membership Meeting and Election of the Board of Trustees in 2007, the first seven (7) obtaining the highest number of votes shall serve for two (2) years and the remaining eight (8) for one (1) year. For the succeeding year, there shall be eight (8) members of the Board of Trustees who will be elected with two (2) years term of office. Alternately thereafter, the seven (7) or eight (8) members shall be elected in

			<p>the succeeding years of election of the members of the Board of Trustees;</p> <p>ART. IX, Section 16. No member of the Board of Trustees shall be employed in the PSMBFI during his/her tenure of office and until six (6) months has elapsed from the end of his/her term. The officers enumerated in Article XII of this By-Laws, namely the Chairman, Vice-Chairman, President, Vice-President and the Treasurer are not to be considered employees for purposes of this Article.</p>
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>ANNEX "48" BR No. 2002-18 - Authorizing the Payment of Expense Allowance or Per Diem to Members of the PSMBFI Board of Directors</p> <p>https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2002-18-Per-Diem-to-Members-of-the-Board-of-Directors-1.pdf</p>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	<p>ANNEX "49" BR No. 2015-44 – Increase in Honorarium for Board Committee Meeting</p> <p>https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2015-44-Increase-in-Honorarium-for-Board-Committee-Meeting-2.pdf</p>	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's	PSMBFI Annual General Membership Meeting and

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Election was conducted on 15 April 2023 via hybrid format.
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how the board shortlists 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		
Recommendation 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	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs. Identify transactions that were approved pursuant to the policy.	There are no significant RPTs. There are no business affiliates, shareholder groups, and subsidiaries of PSMBFI.
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		
Recommendation 2.8			

<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>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identity the Management team appointed.</p> <p>ANNEX "42" CP-HRD-005 – Recruitment and Placement Policy https://psmbfi.com.ph/wp-content/uploads/2022/11/CP-HRD-005-RECRUITMENT-AND-PLACEMENT-POLICY-2018.pdf</p> <p>ANNEX "46" Notices Governance Committee Meetings https://psmbfi.com.ph/wp-content/uploads/2024/05/46.-NOTICES-OF-GOVERNANCE-COMMITTEE-2023.pdf</p>	<p>The Governance Committee is responsible for the selection of Management (President, Vice Presidents and Managers)</p>
<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>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p>ANNEX "18" BR No. 2023-129 – Tier 1 Balanced Scorecard https://psmbfi.com.ph/wp-content/uploads/2024/05/18.-BR-2023-129-PSMBFI-STRATEGIC-PLAN-CY-2024-2026-TIER-1.pdf</p>	<p>Every year the BOTs and the Executives conduct Strategic Planning Sessions to assess the performance of the company.</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>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>Appraisal of performance of Management is being conducted semi-annually</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>ANNEX "39" PERFORMANCE APPRAISAL FORM for Managers https://psmbfi.com.ph/wp-content/uploads/2022/11/Performance-Appraisal-Form-for-Managers.pdf</p>	

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	<p>ANNEX "31" BR No. 2020-05 – Internal Audit Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-05-INTERNAL-AUDIT-CHARTER.pdf</p>	
3. Board approves the Internal Audit Charter.	COMPLIANT	<p>Provide reference or link to the company's Internal Audit Charter</p> <p>ANNEX "31" BR No. 2020-05 – Internal Audit Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-05-INTERNAL-AUDIT-CHARTER.pdf</p>	
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	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	
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	<p>Provide proof of effectiveness of risk management strategies, if any.</p> <p>ANNEX "10 & 11" BR No. 2016-19 – Committees of the Board Risk and Audit Committee Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>BR No. 2016-34 – Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	

		<p>ANNEX “20” Report of the Risk Officer to the Risk and Audit Committee https://psmbfi.com.ph/wp-content/uploads/2022/11/Report-of-Risk-Officer-to-Risk-and-Audit-Committee.pdf</p> <p>ANNEX “50” BR No. 2022-89 - PSMBFI Enterprise Risk Management Manual https://psmbfi.com.ph/wp-content/uploads/2023/05/51.-BR-2022-89-ADOPTION-OF-THE-PSMBFI-ENTERPRISE-RISK-MANAGEMENT-MANUAL.pdf</p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	<p>ANNEX “10” BR No. 2016-19 – Committees of the Board - Risk and Audit Committee Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>ANNEX “7” ART XIV, SEC 32, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
<p>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.</p>			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <p>Board Committee Functions: ANNEX “10” BR No. 2016-19 – Committees of the Board and Charters https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p>	<p>PSMBFI Board Committees:</p> <ol style="list-style-type: none"> 1. Executive Committee 2. Membership Committee 3. Risk and Audit Committee 4. Information Technology (IT) Committee 5. Governance Committee 6. Project Management Group Committee

		<p>ANNEX "1" 2023 Annual Report covering CY2022 page 10 to 11 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 10 to 11 https://psmbfi.com.ph/about-us/#annual-2023</p>	
Recommendation 3.2			
<p>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.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> <p>ANNEX "10 & 11" BR No. 2016-19 – Committees of the Board Risk and Audit Committee Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>BR No. 2016-34 – Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	NON-COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p>ANNEX "23 & 26" BR No. 2022-54 - Board Committees https://psmbfi.com.ph/wp-content/uploads/2023/05/25.-BR-2022-54-ORGANIZATION-OF-THE-PSMBFI-BOARD-COMMITTEES.pdf</p>	<p>Chairman of Risk and Audit Committee is <u>NOT</u> an independent director. However, 1 independent director was a member of the said committee.</p> <p>1. From 01 January to 21 April 2023 - Trustee Portia B. Manalad is the only Independent Director who</p>

		<p>BR No. 2023-52 - Board Committees https://psmbfi.com.ph/wp-content/uploads/2024/05/25.-BR-2023-52-ORGANIZATION-OF-THE-PSMBFI-BOARD-COMMITTEES.pdf</p> <p>ANNEX "1" Members of the Risk and Audit Committee: 2023 Annual Report covering CY2022 page 42 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 42 https://psmbfi.com.ph/about-us/#annual-2023</p>	<p>is a member of the Risk & Audit Committee</p> <p>2. From 22 April to 31 December 2023 - Trustee Bartolome R. Bustamante is the only Independent Director who is a member of the Risk & Audit Committee</p>
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>ANNEX "1" Members of the Risk and Audit Committee: 2023 Annual Report covering CY2022 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-2023</p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 16 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 14 https://psmbfi.com.ph/about-us/#annual-2023</p>	<p>Chairman of the BOT is Trustee Benjamin D. Santos Jr, while the Chairman of Risk and Audit Committee is Trustee Juanito B. Vaño Jr.</p>
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance	COMPLIANT	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions.</p>	

<p>responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 10 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 10 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "10 & 11" BR No. 2016-19 – Committees of the Board Risk and Audit Committee Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>BR No. 2016-34 – Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p>Members of the Governance Committee: ANNEX "1" 2023 Annual Report covering CY2022 page 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 42 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-</p>	<p>From 01 January to 31 December 2023 - Trustee Donna N. Villareal is the only Independent Director who was a member of the Governance Committee</p>

		content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf	
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p>Members of the Governance Committee: ANNEX "1" 2023 Annual Report covering CY2022 page 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 42 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	Governance Committee Chairman Trustee Ricardo C. Marquez is <u>NOT</u> an independent director
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	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <p>ANNEX "10" BR No. 2016-19 – Committees of the Board https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p>	Functions of the Risk Oversight Committee and Audit Committee are integrated as one committee, the Risk and Audit Committee

		<p>ANNEX "11" BR No. 2016-34 - Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <p>Members of the Risk and Audit Committee: ANNEX "1" 2023 Annual Report covering CY2022 page 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 42 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	<p>From 01 January to 21 April 2023 - Trustee Portia B. Manalad is the only Independent Director who was a member of the Risk & Audit Committee</p> <p>From 22 April to 31 December 2023 - Trustee Bartolome R. Bustamante is the only Independent Director who was a member of the Risk & Audit Committee</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p> <p>Members of the Risk and Audit Committee: ANNEX "1" 2023 Annual Report covering CY2022 page 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 42 https://psmbfi.com.ph/about-us/#annual-2023</p>	<p>Chairman of the BOT is Trustee Benjamin D. Santos Jr., while Chairman of Risk and Audit Committee is Trustee Juanito B. Vaño Jr.</p>

		<p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROCC.</p> <p>Members of the Risk and Audit Committee: ANNEX "1" 2023 Annual Report covering CY2022 page 12 to 21 and 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 12 to 21 and 42 https://psmbfi.com.ph/about-us/#annual-2023</p>	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	No specific committee. There are no significant RPTs. There are no business affiliates, shareholder groups, and subsidiaries of PSMBFI.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	

<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>COMPLIANT</p>	<p>ANNEX "1" 2023 Annual Report covering CY2022 page 10 to 11 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 10 to 11 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "10" BR No. 2016-19 – Committees of the Board https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>ANNEX "11" BR No. 2016-34 - Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 10 to 11 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 10 to 11 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "10" BR No. 2016-19 – Committees of the Board and Charters https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p>	

ANNEX "11" BR No. 2016-34 - Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees
<https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf>

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

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> <p>ANNEX "8 & 9" GMME 2022 Minutes https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>GMME 2023 Minutes https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 41 https://psmbfi.com.ph/about-us/#annual-2023</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>		<p>BOT were given the notices of committee meetings 5 days</p>

			before the scheduled meeting, and the reference materials via e-mail, 2 days before the scheduled meetings.
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p>ANNEX "8 & 9" GMME 2022 Minutes https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>GMME 2023 Minutes https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p>	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-2023</p>	Based on the personal data sheets/qualifications of BOT, some of the directors sit as member of the board of publicly listed companies.
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	Some members of the board accepted directorship with other companies.

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

<p>1. The Board is composed of at least twenty percent (20%) independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p> <p>ANNEX "21" BR No. 2022-51 - BOT for CY2022-2024 and CORPORATE OFFICERS for CY2022-2023 https://psmbfi.com.ph/wp-content/uploads/2023/05/23.-BR-2022-51-CY-2022%E2%80%932024-BOARD-OF-TRUSTEES-and-CY-2022%E2%80%932023-CORPORATE-OFFICERS.pdf</p> <p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX "24" BR No. 2023-51 - BOT for CY2023-2025 and CORPORATE OFFICERS for CY2023-2024 https://psmbfi.com.ph/wp-content/uploads/2024/05/23.-BR-2023-51-CY2023-2025-BOARD-OF-TRUSTEES-AND-CY2023-2024-CORPORATE-OFFICERS.pdf</p> <p>ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	<p>From 01 January to 14 April 2023, PSMBFI BOT is composed of 3 (20%) independent directors namely:</p> <ol style="list-style-type: none"> 1. Trustee Gregorio N. Lim 2. Trustee Portia B. Manalad 3. Trustee Donna N. Villareal <p>From 15 April to 31 December 2023, PSMBFI BOT is composed of 3 (20%) independent directors namely:</p> <ol style="list-style-type: none"> 1. Trustee Bartolome R. Bustamante 2. Trustee Rex M. Dela Rosa 3. Trustee Donna N. Villareal
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Recommendation 5.2

<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 12 to 21 https://psmbfi.com.ph/about-us/#annual-2023</p>	
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Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	COMPLIANT	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	<p>No INDEPENDENT DIRECTORS served for a cumulative of 9 years:</p> <ol style="list-style-type: none"> 1) Trustee Ricardo C. Marquez (from 1 July 2019 to 16 April 2021) 2) Trustee Keith Ernal L. Singian (from 1 July 2019 to 16 April 2021) 3) Trustee Lynette M. Tadeo (from 1 July 2019 to 13 Aug 2020) 4) Trustee Cesar Hawthorne R. Binag (from 17 April 2021 to 22 April 2022) 5) Trustee Catherine E. Tamayo (from 14 April 2020 to 22 April 2022) 6) Trustee Walter E. Castillejos (from 17 April 2021 to 22 April 2022) 7) Trustee Gregorio N. Lim (from 23 April 2022 to 14 April 2023) 8) Trustee Portia B. Manalad (from 23 April 2022 to 14 April 2023) 9) Trustee Donna N. Villareal (from 23 April 2022 to 19 April 2024) 10) Trustee Bartolome R. Bustamante (from 15 April 2023 to 19 April 2024) 11) Trustee Rex M. Dela Rosa (from 15 April 2023 to 19 April 2024)
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	COMPLIANT	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>ANNEX "8 & 9" GMME 2022 Minutes https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>GMME 2023 Minutes https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p>	
Recommendation 5.4			

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p>ANNEX "21" BR No. 2022-51 - BOT for CY2022-2024 and CORPORATE OFFICERS for CY2022-2023 https://psmbfi.com.ph/wp-content/uploads/2023/05/23.-BR-2022-51-CY-2022%E2%80%932024-BOARD-OF-TRUSTEES-and-CY-2022%E2%80%932023-CORPORATE-OFFICERS.pdf</p> <p>BR No. 2022-121 – Electing PMGEN BENJAMIN D. SANTOS, JR. AS PSMBFI Chairman https://psmbfi.com.ph/wp-content/uploads/2023/05/26.-BR-2022-121-ELECTING-PMGEN-BENJAMIN-D-SANTOS-JR-AS-MEMBER-OF-THE-BOARD-OF-TRUSTEES-AND-AS-THE-PSMBFI-CHAIRMAN.pdf</p> <p>ANNEX "24" BR No. 2023-51 - BOT for CY2023-2025 and CORPORATE OFFICERS for CY2023-2024 https://psmbfi.com.ph/wp-content/uploads/2024/05/23.-BR-2023-51-CY2023-2025-BOARD-OF-TRUSTEES-AND-CY2023-2024-CORPORATE-OFFICERS.pdf</p>	<p>Chairman of the Board:</p> <ol style="list-style-type: none"> Trustee Vicente D. Danao, Jr. (from 23 April 2022 to 29 September 2022) Trustee Benjamin D. Santos, Jr (from 30 September 2022 to present) <p>Chief Executive Officer:</p> <ol style="list-style-type: none"> Atty. Joel Napoleon M. Coronel (from 17 April 2021 to 14 April 2023) Trustee Jose Chiquito M. Malayo (from 15 April 2023 to 19 April 2024)
<p>3. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.</p> <p>ANNEX "7" ART. XI, SEC. 23, Amended By-Laws ART. XIII, SEC 27, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.</p>	<p>Chairman of the Board of Trustees is <u>NOT</u> an independent director.</p>

		<p>ANNEX “21” BR No. 2022-51 - BOT for CY2022-2024 and CORPORATE OFFICERS for CY2022-2023 https://psmbfi.com.ph/wp-content/uploads/2023/05/23.-BR-2022-51-CY-2022%E2%80%932024-BOARD-OF-TRUSTEES-and-CY-2022%E2%80%932023-CORPORATE-OFFICERS.pdf</p> <p>ANNEX “24” BR No. 2023-51 - BOT for CY2023-2025 and CORPORATE OFFICERS for CY2023-2024 https://psmbfi.com.ph/wp-content/uploads/2024/05/23.-BR-2023-51-CY2023-2025-BOARD-OF-TRUSTEES-AND-CY2023-2024-CORPORATE-OFFICERS.pdf</p> <p>ANNEX “22” BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX “25” BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	<p>Provide proof of abstention, if this was the case</p> <p>ANNEX “37” BR 2010-125 - OPP 2010-001 - PSMBFI PROCUREMENT-SERVICES OUTSOURCING SYSTEM https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2010-125-OPP-2010-001-PSMBFI-PROCUREMENT-SERVICES-OUTSOURCING-SYSTEM.pdf</p>	Selection of Service Providers/Suppliers were recommended by the Management thru the Bids and Awards Committee (BAC) for approval of the BOT.
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 present.	COMPLIANT	<p>Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.</p>	

2. The meetings are chaired by the lead independent director.	NON-COMPLIANT	<p>ANNEX "44" Notices of Risk and Audit Committee Meetings_ https://psmbfi.com.ph/wp-content/uploads/2024/05/47.-NOTICES-OF-RISK-AND-AUDIT-COMMITTEE-2023.pdf</p> <p>ANNEX "22" BR No. 2022-55 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2023/05/24.-BR-2022-55-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p> <p>ANNEX "25" BR No. 2023-53 - INDEPENDENT DIRECTORS https://psmbfi.com.ph/wp-content/uploads/2024/05/24.-BR-2023-53-INDEPENDENT-DIRECTORS-OF-PSMBFI.pdf</p>	Chairman is not an independent director
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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. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	<p>The members of the Board of Trustees report to the general membership during the GMME and present to them all the Board Resolutions for their ratification/approval. During the GMME, the members are informed of the approved Board Resolutions, the process of ratification, and the act of ratification/ approval. All Board Resolutions approved by the BOT are presented and explained to the members. The members exercise their right to ratify/approve or not to ratify/not approve the said Board Resolutions.</p>
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT	<p>ANNEX "8 & 9" GMME 2022 Minutes https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p>	
4. Each committee conducts a self-assessment of its performance.	COMPLIANT	<p>GMME 2023 Minutes https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 41 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 41 https://psmbfi.com.ph/about-us/#annual-2023</p>	

5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT	Identify the external facilitator and provide proof of use of an external facilitator.	No appointed external facilitator because the Annual GMME is conducted where all actions of BOT are presented to the general membership.
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	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	The members of the Board of Trustees report to the general membership during the GMME and present to them all the Board Resolutions for their ratification/approval. During the GMME, the members are informed of the approved Board Resolutions, the process of ratification, and the act of ratification/approval. All Board Resolutions approved by the BOT are presented and explained to the members. The members exercise their right to ratify/approve or not to ratify/not approve the said Board Resolutions.
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		
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	Provide information on or link/reference to the company's Code of Business Conduct and Ethics. ANNEX "11" BR No. 2020-39 - Amendment to the PSMBFI Code of Discipline (CP-HRD-001) https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-39- -CP-HRD-001-CODE-OF-DISCIPLINE-2020.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	Each employee and members of the BOT were given a copy of the Code of Discipline booklet by the HR Dept.

3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed. ANNEX "11" BR No. 2020-39 - Amendment to the PSMBFI Code of Discipline (CP-HRD-001) https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-39--CP-HRD-001-CODE-OF-DISCIPLINE-2020.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	The Governance Committee monitors the compliance of the Code of Business Conduct and Ethics and internal policies of all the employees. All employees and BOT are required to comply.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	ANNEX "46" Notices of Governance Committee Meetings https://psmbfi.com.ph/wp-content/uploads/2024/05/46.-NOTICES-OF-GOVERNANCE-COMMITTEE-2023.pdf	
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	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders ANNEX "1" Audited Financial Reports 2023 Annual Report covering CY2022 pages 54 - 61 https://psmbfi.com.ph/about-us/#annual-report 2024 Annual Report covering CY2023 pages 54 - 61 https://psmbfi.com.ph/about-us/#annual-2023	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications,	COMPLIANT	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive	

<p>and assess any potential conflicts of interest that might affect their judgment.</p>		<p>positions, professional experiences, expertise and relevant trainings attended.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 https://psmbfi.com.ph/about-us/#annual-2023</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 https://psmbfi.com.ph/about-us/#annual-2023</p>	
<p>Recommendation 8.4</p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p>ANNEX "48" BR No. 2002-18 – Authorizing the Payment of Expense Allowance or Per Diem to Members of the Board of Directors https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2002-18-Per-Diem-to-Members-of-the-Board-of-Directors-1.pdf</p> <p>ANNEX "49" BR No. 2015-44 – Approval of the Increase in the Honorarium of Board Committee Meetings https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2015-44-Increase-in-Honorarium-for-Board-Committee-Meeting-3.pdf</p>	

2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NON-COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	For Key Executives who are part of Management, the HR Dept. implements the non-disclosure policy of salaries and wages. Data Privacy Act also requires the consent of Key Executives to disclose personal information.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	Disclose or provide reference/link to company's RPT policies. Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	There are no significant RPTs. There are no business affiliates, shareholder groups, and subsidiaries of PSMBFI.
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted. ANNEX "7" Amended By-Laws Articles XI, XII, XIII, and XIV https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf	
2. Company's MCG is posted on its company website.	COMPLIANT	ANNEX "10" BR No. 2016-19 – Committees of the Board Charter https://psmbfi.com.ph/wp-content/uploads/2016/19/Committees-of-the-Board-Charter.pdf	

[content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf](https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf)

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

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p> <p>ANNEX "32" BR No. 2021-87 and 2022-175 – Engagement of Isla Lipana & Company (PwC) as External Auditor of PSMBFI for CY2021 and CY2022 Financial Statements https://psmbfi.com.ph/wp-content/uploads/2023/05/33.-BR-2021-87-and-2022-175-Engagement-of-Isla-Lipana-Company-PwC-as-External-Auditor-of-PSMBFI-for-CY2021-and-CY2022-Financial-Statement.pdf</p> <p>ANNEX "33" Engagement Agreement with Isla Lipana 2022 https://psmbfi.com.ph/wp-content/uploads/2023/05/35.-Engagement-Agreement-with-Isla-Lipana-2022.pdf</p> <p>ANNEX "34" BR No. 2023-127 - Engagement with ALAS OPLAS & COMPANY CPAs as External Auditor for PSMBFI FINANCIAL STATEMENT CY2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/34.-BR-2023-127-APPROVAL-OF-THE-ENGAGEMENT-WITH-ALAS-OPLAS-COMPANY-CPAs-FOR-PSMBFI-FINANCIAL-STATEMENT-CY2023.pdf</p> <p>ANNEX "35" Engagement Agreement with Alas Oplas 2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/35.-Engagement-Contract-with-Alas-Oplas-2023.pdf</p>	
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<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>COMPLIANT</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p>ANNEX "8 & 9" GMME 2022 Minutes Page 2 ratified during "Others" https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>GMME 2023 Minutes Page 2 ratified during "Others" https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p> <p>ANNEX "4" 2023 GMME Agenda https://psmbfi.com.ph/wp-content/uploads/2024/05/4.-GMME-AGENDA-AND-PROXY-FORM.pdf</p>	<p>GMME 2022 Minutes ratified by <u>136,691</u> members during the Annual GMME 2023</p> <p>GMME 2023 Minutes ratified by <u>140,167</u> members during the Annual GMME 2024</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>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p> <p>ANNEX "33" Engagement Agreement with Isla Lipana 2022 page 7 https://psmbfi.com.ph/wp-content/uploads/2023/05/35.-Engagement-Agreement-with-Isla-Lipana-2022.pdf</p> <p>ANNEX "35" Engagement Agreement with Alas Oplas 2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/35.-Engagement-Contract-with-Alas-Oplas-2023.pdf</p>	<p>External Auditor was not removed nor replaced during the covered period, thus no need to disclose to the members thru company website.</p>
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <p>i. assessing the integrity and independence of external auditors;</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>ANNEX "10" BR No. 2016-19 – Committees of the Board - Risk and Audit Committee Charter</p>	<p>Functions of Risk Oversight Committee and Audit Committee are integrated as one committee, the Risk and Audit Committee</p>

<p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>ANNEX "11" BR No. 2016-34 - Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees</p> <p>https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>ANNEX "10" BR No. 2016-19 – Committees of the Board - Risk and Audit Committee Charter</p> <p>https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-19-BOARD-COMMITTEES-AND-CHARTERS.pdf</p> <p>ANNEX "11" BR No. 2016-34 - Underscoring the Realignment of the Functions, Duties and Responsibilities of the Board Committees</p> <p>https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2016-34-Underscoring-the-realignment-of-functions-duties-and-responsibilities-of-the-Board-Committees.pdf</p>	
<p>Recommendation 9.3</p>			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>COMPLIANT</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to guidelines or policies on non-audit services</p> <p>ANNEX "33" Engagement Agreement with Isla Lipana 2022 https://psmbfi.com.ph/wp-content/uploads/2023/05/35.-Engagement-Agreement-with-Isla-Lipana-2022.pdf</p>	

ANNEX “35” Engagement Agreement with Alas Oplas 2023 <https://psmbfi.com.ph/wp-content/uploads/2024/05/35.-Engagement-Contract-with-Alas-Oplas-2023.pdf>

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> <p>ANNEX “13 to 19” BR No. 2018-87 – 5 Year Development Plan 2019-2023 https://psmbfi.com.ph/wp-content/uploads/2023/05/14.-BR-2018-87-5-Year-Development-Plan-2019-2023.pdf</p> <p>BR No. 2019-85 - Medium Term Strategic Plan 2020-2024 https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2019-85-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2020-2024.pdf</p> <p>BR No. 2020-99 – Recalibrated PSMBFI Medium Term Strategic Plan for CY2021-2024 https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-99-RECALIBRATED-PSMBFI-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2021-2024.pdf</p> <p>BR No. 2021-132 – Three-Tiered Strategic Plan https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2021-132-THREE-TIERED-STRATEGIC-PLAN.pdf</p> <p>BR No. 2022-45 and 2022-132 – Tier 1 Balanced Scorecard https://psmbfi.com.ph/wp-content/uploads/2023/05/18.-BR-2022-45-and-2022-132-TIER-1-BALANCED-SCORECARD.pdf</p> <p>BR No. 2023-129 – Tier 1 Balanced Scorecard</p>	
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<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> <p>ANNEX “13 to 19” BR No. 2018-87 – 5 Year Development Plan 2019-2023 https://psmbfi.com.ph/wp-content/uploads/2023/05/14.-BR-2018-87-5-Year-Development-Plan-2019-2023.pdf</p> <p>BR No. 2019-85 - Medium Term Strategic Plan 2020-2024 https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2019-85-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2020-2024.pdf</p> <p>BR No. 2020-99 – Recalibrated PSMBFI Medium Term Strategic Plan for CY2021-2024 https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-99-RECALIBRATED-PSMBFI-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2021-2024.pdf</p> <p>BR No. 2021-132 – Three-Tiered Strategic Plan https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2021-132-THREE-TIERED-STRATEGIC-PLAN.pdf</p> <p>BR No. 2022-45 and 2022-132 – Tier 1 Balanced Scorecard https://psmbfi.com.ph/wp-content/uploads/2023/05/18.-BR-2022-45-and-2022-132-TIER-1-BALANCED-SCORECARD.pdf</p>	

BR No. 2023-129 – Tier 1 Balanced Scorecard
<https://psmbfi.com.ph/wp-content/uploads/2024/05/18.-BR-2023-129-PSMBFI-STRATEGIC-PLAN-CY-2024-2026-TIER-1.pdf>

BR No. 2023-123 – Business Continuity Plan CY2023
<https://psmbfi.com.ph/wp-content/uploads/2024/05/19.-BR-2023-123-APPROVAL-OF-THE-PSMBFI-BUSINESS-CONTINUITY-PLAN-CY-2023.pdf>

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

<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>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p> <p>Company website: https://psmbfi.com.ph/</p> <p>PSMBFI Facebook Page: https://www.facebook.com/psmbfi</p> <p>Kabalikat Newsletter: https://psmbfi.com.ph/about-us/#kabalikat</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 https://psmbfi.com.ph/about-us/#annual-2023</p>	
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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	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system ANNEX "31" BR No. 2020-05 – Internal Audit Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-05-INTERNAL-AUDIT-CHARTER.pdf	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	Identify international framework used for Enterprise Risk Management Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework. ANNEX "20" Report of the Risk Officer to the Risk and Audit Committee https://psmbfi.com.ph/wp-content/uploads/2022/11/Report-of-Risk-Officer-to-Risk-and-Audit-Committee.pdf ANNEX "50" BR No. 2022-89 - PSMBFI Enterprise Risk Management Manual https://psmbfi.com.ph/wp-content/uploads/2023/05/51.-BR-2022-89-ADOPTION-OF-THE-PSMBFI-ENTERPRISE-RISK-MANAGEMENT-MANUAL.pdf	
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	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	Office of the Internal Auditor is in-house and reporting directly to the BOT.
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT		<u>PSMBFI Amended By-Laws – ART. XIII, SEC. 31. The Auditor,</u>

<p>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.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p> <p>ANNEX "1" Corporate Auditor: PMGEN Napoleon C. Taas (Ret.) (from 29 August 2013 to 19 April 2024) 2023 Annual Report covering CY2022 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 https://psmbfi.com.ph/about-us/#annual-2023</p> <p>ANNEX "33" Internal Auditor: Ms. Jasel Rabano https://psmbfi.com.ph/wp-content/uploads/2022/11/Certification-of-Employment-Internal-Auditor.pdf</p> <p>ANNEX "7" Amended By-Laws ART. XIII, SEC. 31 https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	<p>shall have the following functions:</p> <ol style="list-style-type: none"> To audit the books and transactions of the PSMBFI; To examine the operation of the PSMBFI with the end in view of increasing efficiency, reducing operational costs, optimizing the utilization of capital and profits; and To perform other functions as the board may prescribe.
<p>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.</p>	<p>COMPLIANT</p>	<p>Identify qualified independent executive or senior management personnel, if applicable.</p>	<p>The Internal Audit is in-house and not outsourced.</p>
<p>Recommendation 12.4</p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>COMPLIANT</p>	<p>Provide information on company's risk management function.</p> <p>ANNEX "31" BR No. 2020-05 – Internal Audit Charter https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-05-INTERNAL-AUDIT-CHARTER.pdf</p>	
<p>Recommendation 12.5</p>			
<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>COMPLIANT</p>	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p>	<p>VP for Finance Mr. Eugene Emilio U. Balcos IV was the company's Chief Risk Officer from 29 October 2020 to 31 January 2023</p>

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<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>	<p>ANNEX "27" BR No. 2023-81 – The Hiring of Ms. Edna Catherine A. Fabian as Vice President for Finance https://psmbfi.com.ph/wp-content/uploads/2024/05/27.-BR-2023-81-HIRING-OF-MS-EDNA-CATHERINE-FABIAN-AS-VICE-PRESIDENT-FOR-FINANCE.pdf</p> <p>ANNEX "37" VP for Finance Job Description https://psmbfi.com.ph/wp-content/uploads/2022/11/Job-Description-of-VP-for-Finance-Risk-Officer.pdf</p> <p>ANNEX "1" 2023 Annual Report covering CY2022 page 21 https://psmbfi.com.ph/about-us/#annual-report</p> <p>2024 Annual Report covering CY2023 page 21 https://psmbfi.com.ph/about-us/#annual-2023</p>	<p>VP for Finance Ms. Edna Catherine A. Fabian is the company's Chief Risk Officer from 16 July 2023 to present</p>
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Cultivating a Synergic Relationship with Shareholders

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

Recommendation 13.1

<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p>ANNEX "7" ART V, SEC 7, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website</p> <p>https://psmbfi.com.ph/</p> <p>https://psmbfi.com.ph/#our-members/</p> <p>https://psmbfi.com.ph/membership/#benefit-members</p> <p>https://psmbfi.com.ph/membership/#claims</p>	

		<p>ANNEX "7" ART V, SEC 7, Amended By-Laws https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	
Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement</p> <p>ANNEX "30" BR 2023-19 - Schedule of the GMME on April 16, 2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/30.-BR-2023-19-GMME-2023.pdf</p> <p>ANNEX "4" GMME Agenda https://psmbfi.com.ph/wp-content/uploads/2024/05/4.-GMME-AGENDA-AND-PROXY-FORM.pdf</p> <p>ANNEX "5" Announcement via PSMBFI Facebook page dated April 11, 2023 https://psmbfi.com.ph/wp-content/uploads/2024/05/5.-GMME-NOTICES-IN-POSTERS-AND-FB-PAGE.pdf</p>	<p>30 days prior to the Annual GMME 2023, notices and proxy forms were sent to members thru downloadable form in the PSMBFI website and FB page from 01 March 2023. Pursuant to SEC Memorandum Circular No. 6, series of 2020, the Annual GMME was held via remote communication (Zoom Virtual Conference and FB live)</p> <p><u>It was also posted in different newspapers:</u></p> <ol style="list-style-type: none"> 1. The Philippine Star – March 13 and April 10, 2023 2. People`s Journal – March 20, 2023 3. Philippine Daily Inquirer – March 27, 2023
Recommendation 13.3			
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p> <p>ANNEX "5" Result of the GMME was posted to the PSMBFI Website on 16 April 2023:</p>	<p>The newly elected Board of Trustees was posted in the PSMBFI website and Facebook page on 16 April 2023, a day after the General Membership Meeting and Election.</p>

		https://psmbfi.com.ph/wp-content/uploads/2023/04/new-board-members.jpg PSMBFI Facebook page dated April 16, 2023:7 https://www.facebook.com/photo/?fbid=597362879093326&set=a.455918229904459	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	NON-COMPLIANT	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p> <p>ANNEX "8 & 9" GMME 2022 Minutes https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>GMME 2023 Minutes https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p>	<p>Minutes of the GMME 2022 needs to be ratified by members during the GMME 2023 before being posted.</p> <p>Minutes of the GMME 2023 needs to be ratified by members during the GMME 2024 before being posted.</p>
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</p> <p>ANNEX "7" Amended By-Laws 2013 https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p> <p>ANNEX "4" GMME Agenda https://psmbfi.com.ph/wp-content/uploads/2024/05/4.-GMME-AGENDA-AND-PROXY-FORM.pdf</p> <p>ANNEX "8 & 9"</p>	<p>During the GMME, the general membership is encouraged to ask questions from the BOT on all matters involving the association.</p> <p>Amended By-Laws Art. V, Sec. 7 (b) – To participate in all of the general membership</p>

		<p>GMME 2022 Minutes https://psmbfi.com.ph/wp-content/uploads/2023/04/Minutes-of-the-GMME-2022-April-23-2022.pdf</p> <p>GMME 2023 Minutes https://psmbfi.com.ph/wp-content/uploads/2024/05/9.-Minutes-of-the-GMME-2023.pdf</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p> <p>ANNEX "7" Amended By-Laws 2013 https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	

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	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p>PSMBFI Members: https://psmbfi.com.ph/membership/#our-members</p> <p>ANNEX "7" Amended By-Laws: ART. III, SEC. 4-5 - Membership ART. IV, SEC. 6 - Obligation of Members ART. V, SEC. 7 - Benefits, Rights and Privileges of Members ART. VI, SEC. 8 - Termination of Members https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	<p>PSMBFI insures uniformed and civilian personnel from the following sectors:</p> <ul style="list-style-type: none"> • Philippine National Police • National Police Commission • Bureau of Fire Protection • DOTr- Office of Transportation Security • Land Transportation Office • Philippine National Police Academy • Philippine Coast Guard • National Mapping and Resource Information Authority • Metropolitan Manila Development Authority • Philippine Public Safety College
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			<ul style="list-style-type: none"> • Department of Environment and Natural Resources • Bureau of Immigration • Bureau of Corrections • Philippine Drug Enforcement Agency
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders.</p> <p>ANNEX "7" Amended By-Laws 2013 https://psmbfi.com.ph/wp-content/uploads/2022/11/Amended-By-Laws.pdf</p>	<p>Amended By-Laws: ART. III, SEC. 4-5 - Membership ART. IV, SEC. 6 - Obligation of Members ART. V, SEC. 7 - Benefits, Rights and Privileges of Members ART. VI, SEC. 8 - Termination of Members</p>
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	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> <p>ANNEX "41" CP-HRD-0011.1 – Whistleblower Policy https://psmbfi.com.ph/wp-content/uploads/2023/05/41.-CP-HRD-0011.1-WHISTLEBLOWER-POLICY.pdf</p>	
<p>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.</p>			
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	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p>ANNEX "15" BR No. 2020-99 – Recalibrated PSMBFI Medium Term Strategic Plan for CY2021-2024</p>	

		https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-99-RECALIBRATED-PSMBFI-MEDIUM-TERM-STRATEGIC-PLAN-FOR-CY-2021-2024.pdf	
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	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption ANNEX "12" BR No. 2020-39 - Amendment to the PSMBFI Code of Discipline (CP-HRD-001) https://psmbfi.com.ph/wp-content/uploads/2022/11/BR-2020-39--CP-HRD-001-CODE-OF-DISCIPLINE-2020.pdf	PSMBFI Code of Discipline: Art II. Against Company Property (page 16-17) Art II. Against Company Interest (page 17 - 21)
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Identify how the board disseminated the policy and program to employees across the organization. List of Seminars Attended by PSMBFI Employees ANNEX "45" https://psmbfi.com.ph/wp-content/uploads/2024/05/45.-List-of-Trainings-and-Seminars-Facilitated-by-HRD-2023.pdf	
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	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior. ANNEX "41" CP-HRD-0011.1 – Whistleblower Policy https://psmbfi.com.ph/wp-content/uploads/2023/05/41.-CP-HRD-0011.1-WHISTLEBLOWER-POLICY.pdf	Human Resource Dept.: Ms. Milan Rochelle Bernardo (HR Manager) Contact No.: (02) 8656-5999/ (02) 8570-2429
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent	COMPLIANT	ANNEX "41" CP-HRD-0011.1 – Whistleblower Policy https://psmbfi.com.ph/wp-content/uploads/2023/05/41.-CP-HRD-0011.1-WHISTLEBLOWER-POLICY.pdf	

member of the Board or a unit created to handle whistleblowing concerns.			
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing. ANNEX "41" CP-HRD-0011.1 – Whistleblower Policy https://psmbfi.com.ph/wp-content/uploads/2023/05/41.-CP-HRD-0011.1-WHISTLEBLOWER-POLICY.pdf	Human Resource Dept. reports to the BOT all related incidents.

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	Provide information or reference to a document containing information on the company's community involvement and environment-related programs. PSMBFI Activities https://psmbfi.com.ph/news/	
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