

2024 ANNUAL CORPORATE GOVERNANCE REPORT OF

MILESTONE GUARANTY AND ASSURANCE CORP.
(Name of Company)

1. For the fiscal year ended December 31, 2024
2. Certificate Authority Number 2022/45-R
3. National Capital Region, Philippines
Province, Country or other jurisdiction of incorporation or organization
4. Milestone Building, 2654 Leveriza (Saygan) St., Malate, Manila 1004
Address of principal office Postal Code
5. (02) 8353-8025 to 28
Company's telephone number, including area code
6. www.milestoneguaranty.com
Company's official website
7. _____
Former name, former address, and former fiscal year, if changed since last report.



[Signature]
Enrico D. Cleofas
Insurance Commission - Admin.
Records - Receiving

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
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	The academic qualifications, industry knowledge of professional experience of directors are posted in company's website including the Qualification Standards being observed by the company in the selection and nomination of board of directors. Link/reference: Profile of Board of Directors	
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	Out of nine (9) members of the board, there are six (6) members who are non-executive directors as of June 20, 2024, namely: <ol style="list-style-type: none"> 1. David P. Mercado, Jr. 2. Norberto V. Sauco 3. Jonathan M. Cruz 4. Jay Ferdinand S. Bautista 5. Rolando O. Ambrosio 6. George V. Duque Link/reference: 2024 General Information Sheet	

Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Policy on training of directors is expressly stated in the Corporate Governance Manual under Training/Career Development Program. Link/reference: Corporate Governance Manual	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	Out of nine (9) directors, the following members of the board have complied the annual continuing training: 1. Romulo Jei G. Delos Reyes 2. Flaviana C. Garces 3. Jonathan M. Cruz 4. Jay Ferdinand S. Bautista 5. Rolando O. Ambrosio 6. George V. Duque The topic of the seminar/program held by IIAP is Corporate Governance. Link/reference: Certificates of Participation	
3. Company has relevant annual continuing training for all directors.	COMPLIANT		
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	The board is composed of eight (8) males and one (1) female. Link/reference: Board Diversity Policy	

Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	Link/reference: <u>Board of Directors Charter Profile of Atty. Kirby V. Macalalad</u>	
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	Attended seminar/training on Corporate Governance and Best Practices in Corporate Housekeeping held in January and June 2024, respectively. Link/ reference: <u>Certificates of Participation</u>	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The Corporate Governance Compliance Officer is Mr. Ariel S. Dela Vega, concurrently the Assistant Vice President for Bonds, a position with adequate stature and authority in the Corporation. He is not a member of the Board of Directors.	
2. Compliance Officer has a rank of 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 trainings/s on corporate governance annually.	COMPLIANT	Attended seminar/training on Corporate Governance held in November 2024. Link/ reference: <u>Certificate of Participation</u>	

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	<p>The members of the board were given agenda for the intended meeting with supporting reports for their review and evaluation.</p> <p>Link/reference: Notice and Agenda of Stockholders’ Meeting</p>	
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Recommendation 2.2

1. Board oversees the development, review and approval of the company’s business objectives and strategy.	COMPLIANT	<p>The members of the board periodically conducted review and approval of company’s business objectives and strategy. It is stated in the “<i>Responsibilities of the Board</i>”.</p> <p>Link/reference: List of Board Resolutions Corporate Governance Manual/ Responsibilities of the Board</p>	
2. Board oversees and monitors the implementation of the company’s business objectives and strategy in order to sustain the company’s long-term viability and strength.	COMPLIANT		

Recommendation 2.3

1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>The qualifications of the Chairman of Board are posted in the company’s website.</p> <p>Link/reference: Profile of David P. Mercado, Jr.</p>	
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Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The company has succession policies and programs as to the members of the board as wells as to its key corporate officers. Link/reference: Succession Policy Nomination Charter	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT		
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	The company has remuneration policy containing its implementation, including the relationship between remuneration and performance as well as the recusation or abstention of a director to vote when his compensation is up for consideration by the board. Link/reference: Remuneration Committee Charter	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The company has 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 nomination form shareholders.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT		

4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT	The said policy also provides for minority shareholders the right to nominate candidates to the board as well as process for the board to be effective in the assessment of its nomination, election or replacement of a director. Link/reference: Corporate Governance Manual Nomination Charter	
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	The Related Party Transaction Committee has crafted the new policy, and it is currently under review. For the year 2024, no material related party transactions have occurred. Thus, no such disclosure was reported in the Notes to the Financial Statements. Link/reference: Related Party Transaction (RPT) Committee Charter	
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			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The Board has policy and responsibility for approving the selection of management team. Link/reference: <u>Corporate Governance Manual</u> <u>Board of Directors Charter</u> <u>Nomination Committee Charter</u> <u>Management Team</u>	
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)	COMPLIANT	The Board has policy and responsibility for assessing the performance of management. Link/reference: <u>Board of Directors Charter</u>	
Recommendation 2.9			
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.	COMPLIANT	The Board has performance management framework for management and personnel. Link/Reference: <u>Corporate Governance Manual</u> <u>Board of Directors Charter</u>	
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.	COMPLIANT		

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The Board has responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system. Link/reference: Corporate Governance Manual Board of Directors Charter Audit Committee Charter	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		
3. Board approves the Internal Audit Charter.	COMPLIANT	The Board approved the Internal Audit Charter. Link/reference: Internal Audit Charter	
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.	NON-COMPLIANT		The Board is still in the process of the formulation a sound enterprise risk management 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.	NON-COMPLIANT		The Board is still in the process of the formulation a sound enterprise risk management.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	COMPLIANT	Link/reference: Board of Directors Charter	

2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
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.			
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	Link/reference: Corporate Governance Manual Board Committees	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	The information on the Audit Committee including its functions and responsibility to recommend the appointment and removal of the company's external auditor are posted in the company's website. Link/reference: Board of Directors Charter Audit Committee Charter	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	All members of the Audit Committee are non-executive directors and its Chairman is an independent director. Link/reference: Audit Committee Members	

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	The qualifications of members of Audit Committee are posted in the company's website. Link/reference: Profile of Audit Committee Members	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the Audit Committee is not a Chairman of the Board or of any other committee. Link/reference: Board Committees	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	The Board has established a Corporate Governance Committee, including its functions as expressly provided in its charter. Link/reference: Corporate Governance Committee Charter	
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	COMPLIANT	The members of the Corporate Governance Committee, including their qualifications and type of directorship are posted in company's website. Link/reference: Corporate Governance Committee Members	

3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	The Chairman of the Corporate Governance Committee is an independent director. Link/reference: Corporate Governance Committee Members	
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	The Board has established Board Risk Oversight Committee (BROC), including its functions. Link/reference: Board of Directors Charter Board Risk Oversight Committee Charter	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	The members of the BROC, including their qualifications and type of directorship are posted in company's website.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the BROC is an independent director and not a Chairman of the Board or of any other committee. Link/reference: Board Committees	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	Mr. George V. Duque has relevant thorough knowledge and experience on risk and risk management. Link/reference: Profile of Board Directors	

Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	The Board established a Related Party Transactions (RPT) Committee, including its functions. Link/reference: Board of Directors Charter Related Party Transaction (RPT) Committee Charter	
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	COMPLIANT	The members of the RPT Committee, including their qualifications and type of directorship are posted in company's website. All the members are non-executive and independent directors. Link/reference: Board Committees	
Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	The company has committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes. Link/reference:	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Board of Directors Charter Nomination Committee Charter BROC Committee Charter Audit Committee Charter Remuneration Committee Charter Corp Governance Committee Charter RPT Committee Charter	

3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Link/reference: Board Committees	
<p>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.</p>			
<p>Recommendation 4.1</p>			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	<p>The Board has established a process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Link/reference: Corporate Governance Manual List of Board Resolutions Summary of Attendance of Board Meetings Board of Directors Charter</p>	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	<p>Link/reference: Excerpt of Minutes of Annual Stockholders' Meeting Agenda of Annual Stockholders' Meeting List of Board Resolutions Summary of Attendance of Board Meetings</p>	
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	<p>Link/reference: Excerpt of Minutes of Annual Stockholders' Meeting</p>	

Recommendation 4.2			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>The company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Presently, no member of the board is serving directors to five (5) Insurance Commission Regulated Entities simultaneously.</p> <p>Link/reference: Corporate Governance Manual</p>	
Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT	No director has existing directorship with another company regulated by Insurance Commission.	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	COMPLIANT	<p>The board is composed of 44.44% independent directors.</p> <p>Link/reference: Profiles of Board of Directors</p>	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	<p>Link/reference: Corporate Governance Manual Profiles of Board of Directors</p>	

Recommendation 5.3			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	COMPLIANT	<p>All independent directors were appointed as early as 2023. Thus, the maximum cumulative term of nine (9) years is not violated.</p> <p>Link/reference: Profiles of Board of Directors</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	COMPLIANT	<p>Link/reference: Corporate Governance Manual</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>	COMPLIANT	<p>Three (3) of the Independent Directors have been serving as such since 2023.</p> <p>No Independent Director has been retained in the same capacity after nine years. Hence, formal written justification is not necessary.</p>	

Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individual.	COMPLIANT	Mr. David P. Mercado, Jr. is the Chairman of the Board while Atty. Darren M. De Jesus is the Chief Executive Officer of the company. Link/reference: Board of Directors Management Team	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The responsibilities of the Chairman of the Board and Chief Executive Officer are defined in the Corporate Governance Manual. Link/Reference: Corporate Governance Manual Board of Directors Charter	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	COMPLIANT	The positions of Chairman and CEO are held by two different individuals. Mr. David P. Mercado, Jr. – Chairman of the Board Atty. Darren M. De Jesus – President and CEO	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	In 2024, no director has material interest in a transaction affecting the corporation. Link/reference: Corporate Governance Manual	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	COMPLIANT	Link/reference: Audit Committee Charter Board Committees	
2. The meetings are chaired by the lead independent director.	COMPLIANT	Mr. Rolando O. Ambrosio is an Independent Director.	
Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	The company has established a Director’s and Chairman’s Performance Evaluation Report.	
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	Link/reference: Chairman’s Performance Evaluation Report Form	
3. The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT	Director’s Performance Evaluation Report Form Performance and Assessment of Directors and Key Officers	
4. The performance of each committee is assessed annually by the Board.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		The Board has agreed that an external facilitator will support the assessment in the succeeding year.

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	Link/reference: Performance and Assessment of Directors and Key Officers	
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	The company's Code of Business Conduct and Ethics are incorporated in the Corporate Governance Manual. Link/reference: Corporate Governance Manual Code of Ethics	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The company's Code of Business Conduct and Ethics are incorporated in the Corporate Governance Manual. Link/reference: Corporate Governance Manual	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	The company's Code of Business Conduct and Ethics are incorporated in the Corporate Governance Manual. Link/reference: Corporate Governance Manual	

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Link/reference: Sustainability Reporting on HR/Admin matters	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	All directors, officers and employees are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	
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	The company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders are provided in the Corporate Governance Manual and the required reports were attached in the Notice of Stockholders' Meeting. Link/reference: Corporate Governance Manual Notice of Annual Stockholders Meeting	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	The directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant	

		<p>trainings attended are disclosed in company's website.</p> <p>Link/reference: Profiles of Board of Directors Certificates of Participation</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 interests that might affect their judgment.</p>	COMPLIANT	<p>The key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in company's website.</p> <p>Link/reference: Profiles of Board of Directors Certificates of Participation</p>	
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.</p>	COMPLIANT	<p>Link/reference: Board of Directors Charter</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate</p>	COMPLIANT	<p>Link/reference: Remuneration Committee Charter</p>	

Governance Scorecard (ACGS) and the Revised Corporation Code.			
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	The company's HR Department oversees the onboarding process, including discussions on remuneration, termination, and retirement for employees and officers.	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Link/reference: Board of Directors Charter Related Party Transaction Committee Charter Corporate Governance Manual	
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	However, no significant RPTs to be reported for 2024.	
Recommendation 8.7			
1. Company's corporate governance policies programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Link/reference: Corporate Governance Manual	
2. Company's MCG is posted on its company website.	COMPLIANT		

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.

Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Link/reference: Board of Directors Charter Audit Committee Charter Excerpt of Annual Stockholders’ Meeting	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	The external auditor has been reappointed by the stockholders consisting of 98.95%.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	However, external auditor has not been removed or changed.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee’s responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor’s independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process,	COMPLIANT	Link/reference: Audit Committee Charter	

taking into consideration relevant Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Link/reference: Audit Committee Charter	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	However, nothing to disclose since the auditor has not been engaged for non-audit services.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Link/reference: Corporate Governance Manual Audit Committee Charter	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	The company's policies and practices on the disclosure of non-financial information, including EESG issues are incorporated in its Corporate Governance Manual and Code of Business Conduct. Link/reference: Corporate Governance Manual	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Link/reference: Sustainability Report	
3. Company recognizes the need for financial resilience towards natural disasters to hasten the recovery of communities after a devastating loss and has participated in the Philippine Catastrophe Insurance Facility (PCIF).	NON-COMPLIANT		The Board undertakes to comply with the recommendation in 2025, and in relation to IC CL No. 2024-11, sec. 1, membership in the PCIF shall continue to be voluntary.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. The Company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT	www.milestoneguaranty.com	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The quality service programs for the internal audit functions are based on the existing internal control system being imposed by the Board and the Management.	

		In its Operational and Financial audits, the Internal Audit periodically conducts reviews of all business transaction to ensure that all existing internal controls are in place.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	The company has Underwriting guidelines that consider an enterprise risk management framework.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	The company has Internal Audit Department headed by Ms. Jocelle Louis D. Remillete.	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	The company's Chief Audit Executive (CAE) is Ms. Jocelle Louis D. Remillete and her responsibilities are expressly stated in the Internal Audit Charter.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	Link/reference: Internal Audit Charter	
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	NOT APPLICABLE		The company has its own Internal Audit Department.

Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The company's risk management function is assigned to Underwriting Department.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	Mr. Allan D. Quing serves as Chief Underwriter/ Vice President for Underwriting, which is equivalent to Chief Risk Officer.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	CRO has a rank of Vice President.	
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			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Shareholders' rights are disclosed in the Corporate Governance Manual posted in www.milestoneguaranty.com	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	www.milestoneguaranty.com	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	COMPLIANT	The Corporate Secretary sent the notices at least ten (10) days before the date of annual meeting. The by-laws expressly mandates that the notices of meeting shall be served within a period of five (5) days.	

		Link/reference: Notice of Annual Meeting	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Link/reference: Excerpt of Minutes of Annual Stockholders' Meeting	
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	COMPLIANT	Link/reference: Excerpt of Minutes of Annual Stockholders' Meeting	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	The company has an HR and Legal Departments, which act as an alternative dispute mechanism.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	NON-COMPLIANT		The Board will amend its Manual on Corporate Governance to incorporate the alternative dispute mechanism.

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>The company's shareholders are its customers, the government, creditors, stockholders and employees.</p> <p>Its policies and programs are expressly stated in Manual on Corporate Governance and Code of Conduct.</p> <p>Link/reference: Corporate Governance Manual</p>	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	The policies and programs for the protection and fair treatment of company's stakeholders are stated in the Code of Conduct and Manual on Corporate Governance.	
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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>Posted at the website the designated phone number or email address and a designated person has been responsible to receive such communication, either by call or email.</p> <p>Further, the company has a whistleblowing policy, practices and procedures for stakeholders.</p>	
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		Link/reference: Complaint Form Whistleblowing Policy	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company’s goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company’s goals and in its governance.	COMPLIANT	Link/reference: Corporate Governance Manual Sustainability Report	
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	Link/reference: Corporate Governance Manual	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.	COMPLIANT	The board disseminated the policy and program to employees across the organization through their respective department head as well as the posting at the company’s website.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	In 2024, no reported or any illegal or unethical practices committed by employees, officers or directors.	

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	Link/reference: Corporate Governance Manual Whistleblowing Policy	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Link/reference: Corporate Governance Manual Whistleblowing Policy	
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p>Recommendation 16.1</p>			
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	Link/reference: Corporate Governance Manual Sustainability Reporting	