

COMPANY NAME : BPI-PHILAM LIFE ASSURANCE (BPLAC) CORPORATION
 COMPANY STRUCTURE : CLASS 3
 FINANCIAL YEAR END : 2019
 SECTOR : INSURANCE

E. Responsibilities of the Board

| E.1 | Board Duties and Responsibilities | | Y/N | Reference/Source document |
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| <i>Clearly defined board responsibilities and corporate governance policy</i> | | | | |
| E.1.1 | Does the company disclose its corporate governance policy / board charter? | OECD PRINCIPLE V: Disclosure and Transparency (A) Disclosure should include, but not be limited to, material information on: 8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented. | Y | BPI-Philam confirms its full compliance with the Securities and Exchange Commission's and the Insurance Commission's Code of Corporate Governance. BPI-Philam's commitment to the highest standards of corporate governance is rooted in the belief that culture of integrity and transparency is essential to the consistent achievement of its common goals. Creating a sustainable culture, where trust and accountability are vital as skill and wisdom, steers us towards achieving long-term value for the shareholders, clients and all other stakeholders, and strengthens our confidence in the institution. Source Document: 2019 Annual Report, page 26 – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE |
| E.1.2 | Are the types of decisions requiring board of directors/commissioners' approval disclosed? | OECD PRINCIPLE VI (D) | Y | All matters requiring approval of the Board, in addition to those specifically provided for by the Corporation Code of the Philippines, are clearly set forth in the Company's By-Laws and the Manual of Corporate Governance. Among those matters submitted to the Board for its approval on an annual/regular basis are the President's Annual Report, the Audited Financial Statements, the Annual Budget, Policyholder Dividends (if appropriate), cash dividends (if any), investments policies and standards, related party transactions, etc. Source Documents: <ul style="list-style-type: none"> ▪ Articles of Incorporation (AOI) ▪ By-Laws ▪ Manual of Corporate Governance ▪ Notice Agenda of the Annual Stockholders Meeting |
| E.1.3 | Are the roles and responsibilities of the board of directors/commissioners clearly stated? | | Y | Article IV 4 of the Company By-Laws clearly sets forth the powers of the Board of Directors. The Manual of Corporate Governance, on the other hand, specifically enumerates the duties and responsibilities of the Board of Directors of BPI-Philam. These include, among others, the duties to review and approve the strategic and business plans, including the operating and capital plans of the Company; to oversee the conduct of BPI-Philam's business to ensure that it is being properly managed, and dealings with |

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| | | | | <p>policyholders, claimants, and creditors are fair and equitable; identify principal business risks and ensure the implementation of appropriate risk management system to specifically manage the various risks of the Company; approve corporate policies in core areas of operations, specially underwriting, investments, reinsurance and claims management; review the adequacy and integrity of BPI-Philam's internal control systems and management information systems, etc.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ By-Laws, Article IV, pages 4 to 10 ▪ Manual of Corporate Governance, pages 1 to 2 ▪ 2019 Annual Report, page 26 - ROLES AND RESPONSIBILITIES OF THE BOARD |
| Corporate Vision/Mission | | | | |
| E.1.4 | Does the company have a vision and mission statement? | <p>OECD PRINCIPLE 6 (P58)</p> <p>ICGN:3.2 Integrity ICGN:3.2 Integrity The board is responsible for overseeing the implementation and maintenance of a culture of integrity. The board should encourage a culture of integrity permeating all aspects of the co., and secure that its vision, mission and objectives are ethically sound.</p> | Y | <p>Our Vision</p> <p><i>We make sure that insurance is easy to get and easy to have for every Filipino, no matter what class they belong to.</i></p> <p>Our Mission</p> <p><i>To be the leading life insurance company in the country by making insurance accessible, affordable, and personalized for every Filipino.</i></p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Company Website: www.bpi-philam.com ▪ 2019 Annual Report, page 6 - Mission & Vision ▪ Minutes of the Annual Stockholders Meeting held on 17 April 2020 ▪ Corporate Secretary's Certification |
| E.1.5 | Has the board review the vision and mission/strategy in the last financial year? | | Y | <p>As part of its duties and responsibilities spelled out in the Manual of Corporate Governance, the Board of Directors periodically reviews and approves the vision and mission of the Company. The Board has the responsibility to review and approve the strategic and business plans of the Company, including its operating and capital plans. The Board regularly monitors and oversees the implementation of the Company's strategies. During the quarterly meetings of the Board, management presents to the Board the strategies, and initiatives and action plans of the Company, and whether said strategies, initiatives and action plans have been duly implemented.</p> <p>During the stockholders meeting of BPI-Philam held on 10 April 2019,</p> |

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| | | | | <p>Management presented the Annual Report where the Company's Vision and Mission for 2019 is included, and thereafter approved by the stockholders.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, pages 1 to 2 – Roles and Responsibilities of the Board of Directors ▪ Minutes of the Annual Stockholders Meeting dated 10 April 2019 ▪ Minutes of the Annual Stockholders Meeting dated 17 April 2020 ▪ 2019 Annual Report, page 26 – ROLE AND RESPONSIBILITIES OF THE BOARD |
| E.1.6 | Does the board of directors monitor/oversee the implementation of the corporate strategy? | | Y | <p>As part of its duties and responsibilities spelled out in the Manual of Corporate Governance, the Board of Directors monitor/oversee the Company's strategy. The Board has the responsibility to review and approved the strategic and business plans of the Company, including its operating and capital plans. The Board regularly monitors and oversees the implementation of the Company's strategies. During the quarterly meetings of the Board, management presents to the Board the strategies, and initiatives and action plans of the Company, and whether said strategies, initiatives and action plans have been duly implemented.</p> <p>Source Document: Manual of Corporate Governance, pages 1 to 2 – Roles and Responsibilities of the Board of Directors</p> |
| E.2 | Board structure | | | |
| | Code of Ethics or Conduct | | | |
| E.2.1 | Are the details of the code of ethics or conduct disclosed? | <p>OECD PRINCIPLE VI (C) The board should apply high ethical standards. It should take into account the interests of stakeholders.</p> <p>The board has a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies</p> | Y | <p>The AIA Code of Conduct sets out the Company's commitment to its operating philosophy and the ethical guidelines for conducting business. The standards set forth in the Code apply not only to the directors, senior management, and employees but to the business partners including agents, contractors, subcontractors, suppliers, distribution partners, and those who act on behalf of AIA and BPI-Philam.</p> <p>The AIA Code of Conduct is made available on the Company Website and the 2019 Annual Report.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ AIA Code of Conduct ▪ 2019 Annual Report, pages 36 to 37 - AIA Code of Conduct |

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| | | have found it useful to develop company codes of conduct based on, inter alia, professional standards and sometimes broader codes of behaviour. The latter might include a voluntary commitment by the company (including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights. Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement. | | |
| E.2.2 | Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code? | | Y | <p>The Company, its directors, senior management, officers and employees are mandated and required to comply with the AIA Code of Conduct. The Code specifies the standards of behaviour which every AIA employee, and stakeholders are expected to adhere. It applies to all AIA officers and employees, business partners, including agents, contractors, subcontractors, suppliers, distribution partners and other who act on behalf of AIA. To ensure that all BPI-Philam employees are aware of the provisions of the Code, an annual certification program is conducted whereby all employees confirm their knowledge and understanding about the rules and guidelines written in the Code. At the same time, it is company policy that all new hires attend the New Employees Orientation Program (NEOP) wherein Company and all other relevant compliance policies including the AIA Code Conduct are discussed. This program is offered on a monthly basis and is conducted either by the HR Training Department or Compliance.</p> <p>Source Document: 2019 Annual Report, pages 36 to 37 - AIA Code of Conduct</p> |
| E.2.3 | Does the company disclose how it implements and monitors compliance with the code of ethics or conduct? | | Y | <p>It is the Company's policy that all new hires are required to undergo the New Employees Orientation Program (NEOP), wherein Company and all other relevant compliance policies, including the AIA Code Conduct, are discussed. All new employees are thereafter required to certify that they have read and understood the AIA Code of Conduct, to ensure compliance with its provisions. The orientation program is offered on a monthly basis and is conducted either by the HR Training Department or Compliance.</p> <p>In addition, the Company conducts and requires a Code of Conduct - Annual Certification Program. To ensure that all BPI-Philam employees are aware of the provisions of the Code, an Annual Certification Program is conducted whereby all employees confirm their knowledge and understanding about the rules and guidelines written in the Code. The Program also requires all employees to certify, on an annual basis, their compliance to the Code of Conduct.</p> <p>Source Document: 2019 Annual Report, pages 36 to 37 - AIA Code of Conduct, Annual Recertification</p> |

| Board Structure & Composition | | | | |
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| E.2.4 | Do independent directors/commissioners make up at least 50% of the board of directors/commissioners? | <p>OECD PRINCIPLE VI (E)</p> <p>In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management. The ASX Code recommends at least a majority of independent directors, while the UK Code recommends at least half of the board, excluding the Chairman, be independent directors. The minimum of three independent directors is to ensure that companies with small boards have enough independent directors (note that stock exchange rules often require at least two independent directors).</p> | N | <p>Of the seven (7) members of the Board of Directors, two (2) are considered independent, non-executive directors.</p> <p>Source Documents: 2019 Annual Report, pages 22 to 25, Board of Directors Profile</p> |
| E.2.5 | Are the independent directors/commissioners independent of management and major/ substantial shareholders? | <p>OECD PRINCIPLE VI (E)</p> <p>In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management.</p> <p>The variety of board structures, ownership patterns and practices in different countries will thus require different approaches to the issue of board objectivity. In many instances objectivity requires that a sufficient number of board members not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties. This does not prevent shareholders from being board members. In others,</p> | Y | <p>The two (2) independent directors of the Board possess all the necessary requirements of an independent director, as provided by the law, the regulators, and the Manual of Corporate Governance, and are absolutely independent of management and major shareholder of BPI-Philam. Both of them have not been officers/employees of BPI-Philam, its subsidiaries and affiliates, nor are they related in any manner with any director, officer or majority shareholder of BPI-Philam; they are also free from any business or other relationships with the company or any of its major stockholders.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, pages 5-6, Qualifications, B. Independent Directors ▪ 2019 Annual Report, Profile of Mr. Jesse O. Ang and Ms. Stephanie Sy, pages 24 and 25, respectively ▪ 2019 Annual Report, page 26 - Board Independence and Diversity |
| E.2.6 | Does the company have a term limit of nine years or less for its independent directors/commissioners? | | Y | <p>The Company adheres to Insurance Commission Circular 2018-36 dated 26 June 2018 which provides that an Independent Director shall be allowed to serve for a maximum</p> |

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| | | independence from controlling shareholders or another controlling body will need to be emphasised, in particular if the ex ante rights of minority shareholders are weak and opportunities to obtain redress are limited. This has led to both codes, and the law in some jurisdictions, to call for some board members to be independent of dominant shareholders, independence extending to not being their representative or having close business ties with them. | | cumulative term of nine (9) years. Thereafter, he or she shall be perpetually barred from any re-election in the same company as an independent director, but may continue to serve as a regular director. Said limit, as provided in the Circular, shall reckon from 02 January 2015, and all all previous terms served by existing Independent Directors prior to the effectivity of the Circular shall not be included in the application of the term limit prescribed therein. Source Document: Corporate Secretary's Certification |
| E.2.7 | Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously? | UK CODE (JUNE 2010): Non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board and to succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board. | Y | Under the Manual of Corporate Governance of the Company, the optimum number of directorships shall be generally related to the capacity of a director in performing his duties diligently. The CEO and other executive directors, however, shall submit themselves to a low indicative limit (four or lower) on membership in other corporate boards. The same low limit applies to independent non-executive directors who serve as full time executives in other corporations. There can be a higher indicative limit (five or lower) for other directors who hold non-executive position in any corporation. In any case, the capacity of directors to serve with diligence shall not be compromised. Source Document: Manual of Corporate Governance, pages 2-3, Board Balance and Independence, B. Multiple Board Seats |
| E.2.8 | Does the company have any independent directors/commissioners who serve on a total of more than five boards of publicly-listed companies? | OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. Service on too many boards can interfere with the performance of board members. Companies may wish to consider whether multiple board memberships by the same person are compatible with effective board performance and disclose the information to shareholders. | N | The Company currently has no independent directors who serve on more than five boards of publicly-listed companies. The profile of BPI-Philam's independent directors is disclosed in the 2018 Annual Report. Source Document: 2019 Annual Report, pages 22 to 25 - Board of Directors Profile |
| E.2.9 | Does the company have any executive directors who serve on more than two boards of listed companies outside of the group? | | N | Mr. Surendra is the only executive director in the Board, and is not a director of any publicly listed companies. The executive directors' profile are disclosed in the 2019 Annual Report of the Company. Source Document: 2019 Annual Report, page 22 - Profile of Mr. Surendra Menon |
| Nominating Committee | | | | |
| E.2.10 | Does the company have a Nominating Committee (NC)? | OECD PRINCIPLE II (C) (3) Effective shareholder participation in key corporate | Y | BPI-Philam has a Governance, Nomination & Remuneration Committee whose primary |

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| | | <p>governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.</p> <p>With respect to nomination of candidates, boards in many companies have established Nominating Committees to ensure proper compliance with established nomination procedures and to facilitate and coordinate the search for a balanced and qualified board. It is increasingly regarded as good practice in many countries for independent board members to have a key role on this committee. To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p> <p>OECD PRINCIPLE VI (E)</p> | | <p>responsibility is to assist the Board of Directors in carrying out its responsibilities relating to stewardship and governance. The Nomination and Governance Committee Charter sets forth the various authority and responsibilities of the Committee, which include among others: recommend to the Board various criteria for Board membership, taking into account the competencies and skills, expertise, composition and size the Board requires; identify and recommend to the Board individuals qualified to become Board members; consider questions of independence and possible conflicts of interest of members of the Board; recommend, on an annual basis, assignment to committees of the Board, including recommendations as to Committee Chairmen; oversee, on an annual basis, the evaluation of the Board and its committees to determine whether the Board, its members, and its committees are functioning effectively; and manage Board and committee succession planning.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Governance, Nomination & Remuneration Committee Charter ▪ 2019 Annual Report, page 32 - Governance, Nomination & Remuneration Committee Composition |
| E.2.11 | Does the Nominating Committee comprise of a majority of independent directors/commissioners? | (1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration. | N | <p>Under its Charter and the Manual of Corporate Governance, the Nomination Committee shall consist of at least three (3) members of the Board of Directors, one of whom must be independent. For 2019, BPI-Philam's Governance, Nomination & Remuneration Committee is composed of the following: Mr. Kelvin Ang (non-executive director); Ms. Stephanie Sy (independent director); and Mr. Cezar P. Consing (non-executive director).</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Governance, Nomination & Remuneration Committee Charter ▪ Manual of Corporate Governance, page 4 – Nomination Committee ▪ 2019 Annual Report, page - Governance, Nomination & Remuneration Committee Composition |
| E.2.12 | Is the chairman of the Nominating Committee an independent director/commissioner? | | N | <p>In 2019, BPI-Philam's Governance, Nomination & Remuneration Committee is chaired by Mr. Kelvin Ang, who is a non-executive director.</p> <p>Source Document:</p> <p>2019 Annual Report, page 32 - Governance, Nomination &</p> |

| | | | | Remuneration Committee Composition |
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| E.2.13 | Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee? | <p>OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions</p> | Y | <p>In addition to the provisions set forth in the Manual of Corporate Governance, the Board has approved the Nomination & Governance Committee Charter, which provides the structure, authority and responsibilities, and procedures and administration of the Committee. The Manual of Corporate Governance and the Governance, Nomination & Remuneration Committee Charter are made available on the Company website.</p> <p>Source Document: Governance, Nomination & Remuneration Committee Charter</p> |
| E.2.14 | Did the Nominating Committee meet at least twice during the year? | | Y | <p>In accordance with the Governance, Nomination & Remuneration Committee Charter, which requires the Committee to meet as often as it deems necessary, the Committee has four (4) in 2019. The meetings were held on the following dates:</p> <p>09 January 2019 07 March 2019 27 June 2019 24 October 2019</p> <p>Source Document: 2019 Annual Report, page 34 - Governance, Nomination & Remuneration Committee Meetings held and attended for the year 2019</p> |
| E.2.15 | Is the attendance of members at Nominating Committee meetings disclosed? | <p>Given the responsibilities of the NC spelt out in codes of corporate governance, the NC is unlikely to be fulfilling these responsibilities effectively if it is only meeting once a year. Globally, the NC of large companies would meet several times a year.</p> | Y | <p>The attendance of the members at the Governance, Nomination & Remuneration Committee meetings was sufficiently disclosed in the 2019 Annual Report.</p> <p>Source Document: 2019 Annual Report, page 34 - Governance, Nomination & Remuneration Committee Meetings held and attended for the year 2019</p> |
| Remuneration Committee/ Compensation Committee | | | | |
| E.2.16 | Does the company have a Remuneration Committee? | <p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>It is considered good practice in an increasing number of countries that remuneration policy and employment contracts for board members and key executives be handled by a special committee of the board comprising either wholly or a majority of independent directors. There are also calls for a Remuneration Committee that</p> | Y | <p>BPI-Philam has a Governance, Nomination & Remuneration Committee whose primary responsibility is to assist the Board of Directors in carrying out its responsibilities relating to executive and director compensation.</p> <p>The Governance, Nomination & Remuneration Committee Charter sets forth the various authority and responsibilities of the Committee, which include among others, recommending to the Board of Directors the form and amount of compensation to be paid by the Company to directors for services on</p> |

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| | | excludes executives that serve on each others' Remuneration Committees, which could lead to conflicts of interest. | | the Board and Board Committee; reviewing the Company's base compensation structure and incentive compensation programs, and recommending changes in or additions to such structure and plans to the Board as needed; and recommending to the Board of Directors the annual bases compensation of the Company's executive officers and senior managers. Source Documents: <ul style="list-style-type: none"> ▪ Governance, Nomination & Remuneration Committee Charter ▪ 2019 Annual Report, page 32 - Governance, Nomination & Remuneration Committee Composition |
| E.2.17 | Does the Remuneration Committee comprise of a majority of independent directors/commissioners? | | N | Under its Charter and the Manual of Corporate Governance, the Compensation/Remuneration Committee shall consist of at least three (3) members of the Board of Directors, unless the Board should from time to time otherwise determine; one of members must be independent. For 2019, the Board has appointed three (3) members, composed of the following: Mr. Kelvin Ang (non-executive director); Mr. Cezar P. Consing (non-executive director); and, Ms. Stephanie Sy (independent director). Source Document: 2019 Annual Report, page 32 - Governance, Nomination & Remuneration Committee Composition |
| E.2.18 | Is the chairman of the Remuneration Committee an independent director/commissioner? | | N | For 2019, BPI-Philam Governance, Nomination & Remuneration Committee is chaired by Mr. Kelvin Ang who is a non-executive director. Source Document: 2019 Annual Report, page 32 - Governance, Nomination & Remuneration Committee Composition |
| E.2.19 | Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee? | OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board. While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of | Y | In addition to the provisions set forth in the Manual of Corporate Governance, the Board has approved the Compensation/Remuneration Committee Charter, which provides the structure, authority and responsibilities, and procedures and administration of the Committee. The Manual of Corporate Governance and the Governance, Nomination & Remuneration Committee Charter are made available on the Company website. Source Documents: <ul style="list-style-type: none"> ▪ Governance, Nomination & Remuneration Committee Charter |

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| | | their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions | | <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, pages 4 to 5 – Remuneration Committee |
| E.2.20 | Did the Remuneration Committee meet at least twice during the year? | Given the responsibilities of the Remuneration Committee (RC) which are spelt out in codes of corporate governance, the RC is unlikely to be fulfilling these responsibilities effectively if it only meets once a year. Globally, the RC of large companies would meet several times a year. | Y | <p>In accordance with the Governance, Nomination & Remuneration Committee Charter, which requires the Committee to meet as often as it deems necessary, the Committee has four (4) in 2019. The meetings were held on the following dates:</p> <p>09 January 2019 07 March 2019 27 June 2019 24 October 2019</p> <p>Source Document: 2019 Annual Report, page 34 - Governance, Nomination & Remuneration Committee Meetings held and attended for the year 2019</p> |
| E.2.21 | Is the attendance of members at Remuneration Committee meetings disclosed? | | Y | <p>The attendance of the members at the Governance, Nomination & Remuneration Committee meetings was sufficiently disclosed in the 2019 Annual Report.</p> <p>Source Document: 2019 Annual Report, page 34 - Governance, Nomination & Remuneration Committee Meetings held and attended for the year 2019</p> |
| Audit Committee | | | | |
| E.2.22 | Does the company have an Audit Committee? | OECD PRINCIPLE VI (E) (1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration. | Y | <p>For 2019, The Board of Directors, through its Board Risk and Audit Committees, has conducted a regular review of the Company's material controls (including operational, financial and compliance controls) and risk management systems. The Board Risk Committee, the Audit Committee and the Board of Directors have declared their satisfaction and confidence on the Company's internal controls and risk management systems.</p> <p>Source Document:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 26 – ROLE AND RESPONSIBILITIES OF THE BOARD ▪ 2019 Annual Report, pages 46 to 50 – AUDIT & RPT COMMITTEE AND ENTERPRISE RISK MANAGEMENT |
| E.2.23 | Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners? | OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board. While the use of committees may improve the work of the board they may also raise questions | Y | <p>BPI-Philam's Audit & RPT Committee is composed of two (2) independent directors and one (1) non-executive director. The Audit & RPT Committee is composed of Mr. Jesse O. Ang (Chairman), Ms. Stephanie Sy, both are independent directors, and Mr. Kelvin Ang a non-executive director.</p> <p>Source Document:</p> |

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| | | <p>about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions.</p> | | <p>2019 Annual Report, page 32 - Audit & RPT Committee Composition</p> |
| E.2.24 | Is the chairman of the Audit Committee an independent director/commissioner? | | Y | <p>Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-23) dated 8 May 2015.</p> <p>BPI-Philam's Audit & RPT Committee is chaired by Mr. Jesse O. Ang who's an independent director of the Company.</p> <p>Source Document: 2019 Annual Report, page 32 - Audit & RPT Committee Composition</p> |
| E.2.25 | Does the company disclose the terms of reference/governance structure/charter of the Audit Committee? | | Y | <p>The Audit Committee has adopted a formal terms of reference, the Audit Committee Charter, to detail its responsibility for oversight of the organisation's corporate governance process. The Committee, while exercising its oversight role, relies on the expertise of management and works with the Internal and External Auditors to ensure the integrity of the financial statements and the continuous review of the organisation's governance process, risk management and internal controls. The Audit Committee Charter is made available on the Company website.</p> <p>Source Document: Audit and RPT Committee Terms of Reference</p> |
| E.2.26 | Does the Annual Report disclose the profile or qualifications of the Audit Committee members? | Most codes specify the need for accounting/finance expertise or experience. | Y | <p>The profile and qualifications of the three (3) members of the Audit & RPT Committee of BPI-Philam are fully disclosed in the 2019 Annual Report.</p> |

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| | | | | <p>Source Document: 2019 Annual Report, pages 23 to 25 – Profile of Audit & RPT Committee Members</p> |
| E.2.27 | Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)? | <p>UK CODE (JUNE 2010) C.3.1. The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.</p> <p>As many of the key responsibilities of the Audit Committee are accounting-related, such as oversight of financial reporting and audits, it is important to have someone specifically with accounting expertise, not just general financial expertise.</p> | Y | <p>Majority of the members of the committee have an accounting experience/expertise which is in compliance with the company's Manual of Corporate Governance which states the Committee shall be comprised of at least three (3) members of the Board, two (2) of whom shall be independent directors, preferably with accounting and finance experiences. Members of the Committee, namely: Jesse O. Ang (Chair); Stephanie Sy; and Kelvin Ang.</p> <p>Source Document: 2019 Annual Report, pages, 23 to 25 – Profile of Audit & RPT Committee Members</p> |
| E.2.28 | Did the Audit Committee meet at least four times during the year? | | Y | <p>In accordance with the Audit & RPT Committee Charter, which requires the Committee to meet at least every quarter or more frequently as the circumstances require, the Audit & RPT Committee of BPI-Philam has met four (4) times in 2019. The meetings were held on:</p> <p>17 January 2019 10 April 2019 16 July 2019 03 October 2019</p> <p>Source Document: 2019 Annual Report, page 34 – Audit & RPT Committee Meetings held and attended for the year 2019</p> |
| E.2.29 | Is the attendance of members at Audit Committee meetings disclosed? | | Y | <p>The attendance of the members at the Audit & RPT Committee meetings was sufficiently disclosed in the 2019 Annual Report. In 2019, the Audit & RPT Committee met four (4) times, for an overall attendance rate of 100.00%.</p> <p>Source Document: 2019 Annual Report, page 34 – Audit & RPT Committee Meetings held and attended for the year 2019</p> |
| E.2.30 | Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor? | <p>UK CODE (JUNE 2010) C.3.6 The Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. If the board does not accept the Audit Committee's recommendation, it should include in the Annual Report, and in any papers recommending appointment or re-appointment,</p> | Y | <p>The Audit & RPT Committee has the primary responsibility to recommend the appointment, re-appointment or removal of the external auditor. During its 17 April 2020 meeting, the Audit Committee endorsed and recommended to the Board for its approval the reappointment of Isla Lipana & Co./PriceWaterhouseCoopers as the External Auditor of BPI-Philam for 2019.</p> |

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| | | a statement from the Audit Committee explaining the recommendation and should set out reasons why the board has taken a different position. | | <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Audit & RPT Committee Terms of Reference ▪ Manual of Corporate Governance, pages 3 to 4 - Audit Committee ▪ Minutes of the Annual Stockholders' meeting held on 17 April 2020, page 6 |
| E.3 | Board Processes | | | |
| | Board meetings and attendance | | | |
| E.3.1 | Are the board of directors meeting scheduled before the start of financial year? | Scheduling board meetings before or at the beginning of the year would allow directors to plan ahead to attend such meetings, thereby helping to maximise participation, especially as non-executive directors often have other commitments. Additional ad hoc meetings can always be scheduled if and when necessary. It is common practice for boards in developed markets to schedule meetings in this way. | Y | <p>Before the start of the financial year, the Corporate Secretary advises the members of the Board of the schedules of their meetings, which may change subject to their availability and other reasonable circumstances. Board meetings are regularly set on a quarterly basis, while special meetings are called by the Chief Executive Officer, or as provided in the Company-By-Laws.</p> <p>Five (5) days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board their respective meeting packs, which would contain among others the Board and Committee meeting minutes, the management report and financial highlights, and other items the need action and approval of the Board and Board Calendar.</p> <p>Source Document:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 33 – BOARD MEETINGS IN 2019 ▪ 2020 Board Calendar |
| E.3.2 | Does the board of directors/commissioners meet at least six times during the year? | <p>WORLDBANK PRINCIPLE 6 (VI.I.24) Does the board meet at least six times per year?</p> <p>INDO SCORECARD E.10. How many meetings were held in the past year? If the board met more than six times, the firm earns a 'Y' score. If four to six meetings, the firm was scored as 'fair', while less than four times was scored as 'N'</p> | Y | <p>The Board of Directors met for a total of five (5) times in 2019. The meetings were held on:</p> <p>21 January 2019 – Regular Board of Directors Meeting 10 April 2019 – Outgoing Board of Directors 10 April 2019 – Organizational Meeting of the Board of Directors 16 July 2019 - Regular Board of Directors Meeting 16 October 2019 - Regular Board of Directors Meeting</p> <p>Source Document: 2019 Annual Report, page 33 - Meeting held and attended for the year 2019</p> |
| E.3.3 | Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year? | <p>OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities.</p> <p>Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. Achieving</p> | Y | <p>The Board of Directors met for a total of five (5) times in 2019 with an overall attendance rate of 97.80%.</p> <p>The following are the attendance rate of the directors for the Board meetings held in 2019:</p> <p>The following directors posted an attendance rate of 100%:</p> |

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| | | legitimacy would also be facilitated by the publication of attendance records for individual board members (e.g. whether they have missed a significant number of meetings) and any other work undertaken on behalf of the board and the associated remuneration. | | <ol style="list-style-type: none"> 1. Jesse O. Ang* (3/5) 2. Kelvin Ang** (4/5) 3. Jacky Chan (5/5) 4. Maria Consuelo Lukban (5/5) 5. Surendra Menon (5/5) 6. Stephanie Sy** (1/5) <p>Mr. Consing attended 4 out of 5 meetings (80%).</p> <p><small>*elected effective 10 April 2019 **elected effective 21 January 2019 ***elected effective 16 July 2019</small></p> <p>Source Document: 2019 Annual Report, page 33 – Meetings held and attended for the year 2019</p> |
| E.3.4 | Does the company require a minimum quorum of at least 2/3 for board decisions? | WORLDBANK PRINCIPLE 6 (VI.I.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid? | N | <p>Under the Company By-Laws, a majority of the directors shall constitute a quorum for the transaction of the business at any meeting. Thus, the presence of at least four (4) out of seven (7) directors is necessary to have a quorum, and the affirmative votes of the majority of the directors present are required to decide a matter, except when the law or the By-Laws required a higher number.</p> <p>Source Document: By-Laws, Article III, Section 6, page 3</p> |
| E.3.5 | Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present? | WORLDBANK PRINCIPLE 6 (VI.E.1.6) Does the corporate governance framework requires or encourages boards to conduct executive sessions? | Y | <p>In addition to the regular meetings of the Board, the non-executive and independent directors, without the presence of the executive director and management, meet separately at least once a year. For 2018, the non-executive and independent directors have met separately and exclusively in various occasions, mostly after Board meetings, to discuss various business matters relating to the Company, and ensure that proper checks and balances are in place within the organisation.</p> <p>Source Document:</p> <ul style="list-style-type: none"> • 2019 Annual Report, page 26 – BOARD PROCESS • Corporate Secretary's Certification |
| Access to information | | | | |
| E.3.6 | Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting? | <p>OECD PRINCIPLE VI (F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</p> <p>Board members require relevant information on a timely basis in order to support their decision-making. Non-executive board members do not typically have the same access to information as key managers within the</p> | Y | <p>In order for the directors have ample time to go over and review the documents to be presented in the meeting, five (5) days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board, through email and Board Pad, their respective meeting packs which would contain among others the Board and Committee meeting minutes, the management report and financial highlights, and other items the need action and approval</p> |

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| | | <p>company. The contributions of non-executive board members to the company can be enhanced by providing access to certain key managers within the company such as, for example, the company secretary and the internal auditor, and recourse to independent external advice at the expense of the company. In order to fulfil their responsibilities, board members should ensure that they obtain accurate, relevant and timely information.</p> <p>WORLDBANK PRINCIPLE 6 (VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?</p> | | <p>of the Board. In 2017, BPI-Philam has implemented the use of BoardPad, and migrated to Convene on March 2019 - a paperless solution for distributing meeting materials to the Board and Board Committee.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> • 2019 Annual Report, page 26 – BOARD PROCESS • Corporate Secretary’s Certification |
| E.3.7 | Does the company secretary play a significant role in supporting the board in discharging its responsibilities? | <p>OECD PRINCIPLE VI (F)</p> <p>ICSA Guidance on the Corporate Governance Role of the Company Secretary</p> | Y | <p>The Company Secretary is primarily responsible to the Corporation and its shareholders, but likewise plays a very significant role in supporting the Board in discharging its responsibilities. Under Article VI, Section 9 of the Company By-Laws, the Corporate Secretary has the responsibility to attend all meetings of the stockholders and Board of Directors, and to record the minutes of all proceedings in the minutes book; she shall perform like duties for any Committee of the Board when required. The Corporate Secretary shall also cause to be given notice of all meetings of the directors and stockholders, and shall perform such other duties as pertaining to her office.</p> <p>Source Document: By-Laws, Article VI, Section 9, pages 13 – 14</p> |
| E.3.8 | Is the company secretary trained in legal, accountancy or company secretarial practices? | <p>WORLDBANK PRINCIPLE 6 (VI.D.2.12) Do company boards have a professional and qualified company secretary?</p> | Y | <p>Atty. Carla J. Domingo is currently the Chief Legal Officer and Corporate Secretary of Philam Life and Corporate Secretary of BPI-Philam Life Assurance Corporation (BPLAC). She joined Philam Life in 1998 as Corporate Legal Officer under the Office of the Corporate Secretary. In 1997, she was appointed Asst. Corporate Secretary of the Company and its affiliates and subsidiaries. Eleven years after or in 2008, Atty. Domingo was promoted and appointed Corporate Secretary of Philam Life, its affiliates and subsidiaries. As part of her developmental plan, she was also seconded as the Deputy Company Secretary of the AIA Group Company Limited in Hong Kong from 2014 to 2015. With 19 years of corporate secretarial service experience in Philam Life, as well as in AIA, she has definitely acquired significant</p> |

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| | | | | <p>trainings and experiences to efficiently and competently perform her duties and responsibilities as Philam Life and BPI-Philam's Corporate Secretary.</p> <p>Atty. Domingo was a graduate of the University of the East, with a Bachelor of Arts Degree Major in Political Science, where she graduated Magna Cum Laude. She took her Bachelor of Laws Degree in San Beda, College of Law. Atty. Domingo is a member of the Integrated Bar of the Philippines, and a Fellow of the Institute of Corporate Directors (ICD).</p> <p>Source Document: 2019 Annual Report, page 25 – BOARD SUPPORT, Profile of Carla J. Domingo</p> |
| Board Appointments and Re-Election | | | | |
| E.3.9 | Does the company disclose the criteria used in selecting new directors/commissioners? | <p>OECD PRINCIPLE II (C) (3) To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p> <p>OECD Principle VI (D) (5) Ensuring a formal and transparent board nomination and election process. These Principles promote an active role for shareholders in the nomination and election of board members. The board has an essential role to play in ensuring that this and other aspects of the nominations and election process are respected. First, while actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures are transparent and respected. Second, the board has a key role in identifying potential members for the board with the appropriate knowledge, competencies and expertise to complement the existing skills of the board and thereby improve its value-adding potential for the company. In several countries there are calls for an open search process extending to a broad range of people.</p> | Y | <p>The Manual of Corporate Governance explicitly provides the criteria which the Board should use in selecting new directors. Formal, rigorous, and transparent procedures were set for the selection and appointment of the Company's new directors of the Board.</p> <p>Source Document: Manual of Corporate Governance, pages 5 to 7, Members of BPI-Philam Board of Directors (Qualifications & Disqualifications)</p> |
| E.3.10 | Does the company disclose the process followed in appointing new directors/commissioners? | | Y | <p>The Manual of Corporate Governance spells out the Appointment Process for BPI-Philam Board of Directors. The Manual prescribes a formal, rigorous and</p> |

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| | | | | <p>transparent procedures for the selection and appointment of new directors of the Board. Appointments to BPI-Philam Board of Directors are made on merits and subject to objective criteria as set forth in the Manual. Careful deliberation and consideration is done to ensure that appointees have enough time for the job. The Board also ensures that plans are in place for orderly succession to the Board and senior management to maintain a balance of appropriate skills and experiences within the Company.</p> <p>On the other hand, the Company uses a transparent procedure for the election of directors. The Nomination and Governance Committee looks into the qualifications of directors and thereafter the Board deliberates on the recommendation of the Committee. At the stockholders meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each stockholder with voting privilege shall be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary shall count the votes and thereafter declare the duly elected members of the Board.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 28 – ELECTION OF DIRECTORS ▪ Manual of Corporate Governance, page 3 – Election to BPLAC Board of Directors |
| E.3.11 | Are all the directors/commissioners subject to re-election at least once every three years? | <p>ICGN: 2.9.1 Election of directors: Directors should be conscious of their accountability to shareholders, and many jurisdictions have mechanisms to ensure that this is in place on an ongoing basis. There are some markets however where such accountability is less apparent and in these each director should stand for election on an annual basis. Elsewhere directors should stand for election at least once every three years, though they should face evaluation more frequently.</p> <p>WORLD BANK PRINCIPLE 6 (VI.I.18) Can the re-election of board members be staggered over time? (Staggered boards are those where only a part of the board is re-elected at each election, e.g. only 1/3 of directors are re-elected every year.)</p> | Y | <p>Default item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-23) Insurance dated 8 May 2019.</p> <p>Under the Manual of Corporate Governance, all BPI-Philam directors shall be subject to re-election at intervals of no more than three years. The names of directors submitted for re-election shall be accompanied by sufficient biographical details and any other relevant information to enable shareholders to have knowledge of their decision on their election.</p> <p>All the directors of BPI-Philam have been subjected to re-election once a year.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Minutes of the Annual Meeting of the Stockholders held on 10 April 2019, pages 5 to 6 |

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| Remuneration Matters | | | | |
| E.3.12 | Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO? | <p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>In an increasing number of countries it is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives. Such policy statements specify the relationship between remuneration and performance, and include measurable standards that emphasise the longer run interests of the company over short term considerations. Policy statements generally tend to set conditions for payments to board members for extra-board activities, such as consulting. They also often specify terms to be observed by board members and key executives about holding and trading the stock of the company, and the procedures to be followed in granting and repricing of options. In some countries, policy also covers the payments to be made when terminating the contract of an executive.</p> | Y | <p>BPLAC provides total rewards package to the Executive Director and Chief Executive Officer that consist of guaranteed and variable components that rewards performance and value created for the Company. Our CEO's reward components support our rewards framework: 1) Guaranteed compensation which includes base salary, allowances and contractual bonus that is reviewed annually to reflect market, individual performance and value created for the company; 2) Short Term Incentive to reward achievement of business and individual performance metrics enabling the individual to share in the immediate success of the company; 3) Discretionary Long Term Incentive to motivate and reward the individual for individual who have contributed significantly to AIA's success and is likely to continue to do so; and 4) Benefits that are carefully structured supplementing our cash compensation.</p> <p>The remuneration/compensation of key Management are disclosed in the 2018 Annual Report</p> <p>Source Documents: 2019 Annual Report, page 28 – REMUNERATION POLICY FOR EXECUTIVE DIRECTOR AND CEO</p> |
| E.3.13 | Is there disclosure of the fee structure for non-executive directors/commissioners? | <p>UK CODE (JUNE 2010) D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.</p> <p>Disclosure of fee structure for non-executive directors allows shareholders to assess if these directors are remunerated in an appropriate manner, for example, whether they are paid for taking on additional responsibilities and contributions, such as chairing committees.</p> | Y | <p>Non-executive directors of Philam Life, which are executives of the Parent Company, do not receive any compensation or remuneration from Philam Life.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 27, Fee Structure and Remuneration of Directors. ▪ Corporate Secretary's Certification |
| E.3.14 | Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives? | <p>OECD PRINCIPLE VI. (D.4) The Board should fulfil certain key functions including aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>ICGN 2.3 (D) and (E) D. Selecting, remunerating, monitoring and where necessary replacing key executives and overseeing succession planning.</p> | Y | <p>Default item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-23) Insurance dated 8 May 2019..</p> <p>Source Document: Manual of Corporate Governance, C. Remuneration Committee, pages 4 to 5</p> |

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| | | E. Aligning key executives and Board remuneration with the longer term interest of the company and its shareholders. | | |
| E.3.15 | Do independent non-executive directors/commissioners receive options, performance shares or bonuses? | <p>UK CODE (JUNE 2010) (D.1.3) Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance-related elements. If, by exception, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision B.1.1).</p> <p>ASX CODE Box 8.2: Guidelines for non-executive director remuneration Companies may find it useful to consider the following when considering non-executive director remuneration:</p> <ol style="list-style-type: none"> 1. Non-executive directors should normally be remunerated by way of fees, in the form of cash, noncash benefits, superannuation contributions or salary sacrifice into equity; they should not normally participate in schemes designed for the remuneration of executives. 2. Non-executive directors should not receive options or bonus payments. 3. Non-executive directors should not be provided with retirement benefits other than superannuation. | Y | <p>During the last annual stockholders' meeting, the stockholders approved the annual bonus of the independent directors for 2020. Independent Non-Executive Directors do not receive options or performance shares.</p> <p>Source Document: Minutes of the Annual Meeting of the Stockholders held on 17 April 2020, page 7</p> |
| Internal Audit | | | | |
| E.3.16 | Does the company have a separate internal audit function? | <p>OECD PRINCIPLE VI (D) (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the</p> | Y | <p>Default item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-23) Insurance dated 8 May 2015.</p> <p>Under the Manual of Corporate Governance, the Board of Directors is required to establish an Audit Committee and an Internal Audit Office. The same Manual requires the Audit Committee to setup an Internal Audit Department. Thus, by virtue of such mandate, the Philam Life Group Internal Audit (GIA) was established. GIA's mission is to provide independent and objective assessment and reporting of the</p> |

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| | | organisation. The board will also need to ensure that there is appropriate oversight by senior management. One way of doing this is through an internal audit system directly reporting to the board. | | <p>overall effectiveness of risk management, internal controls and governance processes across the Group. GIA adopts a risk-based audit plan which considers the significant risks affecting the strategies and key objectives of the Company. Philam Life GIA is directly overseen and supported by AIA Group Internal Audit, and functionally reports to the Audit Committee, while administratively reporting to the Chief Executive Officer.</p> <p>Establishing and identifying the reporting line by virtue of the acquisition of 51% of BPLAC Shares, Philam Life GIA is the lead Internal Auditor. The Philam Life GIA Head is also the BPLAC Internal Audit Head and reports directly to the BPLAC Audit Committee.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, A. Audit Committee, pages 3 to 4 and C. Audit Commitment and Auditors, page 12 ▪ 2019 Annual Report, page 46 – AUDIT & RPT COMMITTEE ▪ Audit and RPT Committee Terms of Reference, pages 3-4, Duties |
| E.3.17 | Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed? | Companies often disclose that they have an internal audit but, in practice, it is not uncommon for it to exist more in form than in substance. For example, the in-house internal audit may be assigned to someone with other operational responsibilities. As internal audit is unregulated, unlike external audit, there are firms providing outsourced internal audit services which are not properly qualified to do so. Making the identity of the head of internal audit or the external service provider public would provide some level of safeguard that the internal audit is substantive. | Y | <p>Ms. Shiela P. Alarcio was properly identified as the Head of Philam Life Group Internal Audit. Her appointment was made during the organizational meeting of the Board of Directors on 10 April 2019. The function is not outsourced to an external firm.</p> <p>Establishing and identifying the reporting line by virtue of the acquisition of 51% of BPLAC Shares, Philam Life GIA is the lead Internal Auditor. The Philam Life GIA Head is also the BPLAC Internal Audit Head and reports directly to the BPLAC Audit Committee.</p> <p>Source Documents:</p> <p>2019 Annual Report, pages 46 to 47 – AUDIT & RPT COMMITTEE</p> |
| E.3.18 | Does the appointment and removal of the internal auditor require the approval of the Audit Committee? | Companies often disclose that they have an internal audit but, in practice, it is not uncommon for it to exist more in form than in substance. For example, the in-house internal audit may be assigned to someone with other operational responsibilities. As internal audit is unregulated, unlike external audit, there are firms providing outsourced internal audit services which are not properly qualified to do so. Making the identity of the head of internal audit or the external service provider public would | Y | <p>Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-23) dated 8 May 2015.</p> <p>The Company's Manual of Corporate Governance gives the Audit Committee the authority to appoint the internal auditor. In reference to Terms of Reference for the BPLAC Audit Committee, included in its duties, is to consider and appoint independent internal auditor and the terms and conditions of his engagement and removal.</p> |

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| | | provide some level of safeguard that the internal audit is substantive. | | Source Documents: <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, pages 3 to 4 – Audit Committee ▪ Audit and RPT Committee Terms of Reference, pages 3-4, Duties |
| Risk Oversight | | | | |
| E.3.19 | Does the company disclose the internal control procedures/risk management systems it has in place? | OECD PRINCIPLE 6 (VI) (D) (7) Ensuring the integrity of the corporation’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards. | Y | BPI-Philam follows a Risk Management Framework (RMF) which identifies, quantifies, and mitigates risk within the company. An effective RMF is key to avoiding significant financial and reputational damages or business disruption that may arise from inadequate or ineffective control of the risks in the business. The RMF is governed by the Group Risk Management Committee (GRMC), which oversees and reviews both financial and operational risks, and ensures that appropriate risk policies and mitigation measures are in place. Source Documents: 2019 Annual Report, pages 47 to 50 – ENTERPRISE RISK MANAGEMENT |
| E.3.20 | Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems? | UK CODE (JUNE 2010) C.2.1 The board should, at least annually, conduct a review of the effectiveness of the company’s risk management and internal control systems and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls. | Y | In 2019, the Board of Directors, through its Board Risk Committee and the Audit and RPT Committee, conducted a regular review of the Company’s material controls (including operational, financial, and compliance controls) and risk management systems. The Board Risk Committee, the Audit and RPT Committee, and the Board of Directors have declared their satisfaction and confidence on the Company’s internal controls and risk management systems. Source Documents: 2019 Annual Report, pages 47 to 50 – ENTERPRISE RISK MANAGEMENT |
| E.3.21 | Does the company disclose how key risks are managed? | OECD PRINCIPLE V (A) (6) Foreseeable risk factors. Disclosure of risk is most effective when it is tailored to the particular industry in question. Disclosure about the system for monitoring and managing risk is increasingly regarded as good practice. | Y | The Company believes that sound risk management relies on 1) a strong corporate culture driven from the leadership where accountability over risks and effective controls are taken with seriousness across all levels of the corporate hierarchy and operating areas of the organization, 2) a clear and effective Risk Management Framework that how risks are defined, measured and mitigated. The company has identified Risk Management Champions/Risk and Compliance Champions (RICOs) in each functional unit to drive awareness for risk exposures and provide guidance on the Risk Management Framework (RMF) so |

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| | | | <p>they may be managed effectively. The RICOs also run regular Functional Unit Risk Management Committees (FURMC) in order to properly document risk incidents, outstanding risks and measures taken and identify new or emerging factors for risks such as new regulations, changes in market environment, etc.</p> <p>Risk awareness and advocating for early identification, reporting and management of risks are embedded in the employees' performance management process.</p> <p>The above are key parts of driving a strong risk culture with methods and values embedded across the different parts of the organization and corporate hierarchy.</p> <p>The Company methodically manages its risk exposures to financial risk within tolerances agreed by the Group Risk Management Committee and approved by the Board of Directors.</p> <p>As an internal control procedure, risk metrics, risk tolerances, and limits were set to monitor risk exposure to ensure that the Company is operating within its Risk Appetite. It also manages financial risk by periodically running specific scenario-modelling exercises.</p> <p>Operational Risk on the other hand is managed using the Operational Risk and Control Framework (ORCF). The framework starts with a prescription of the risk taxonomy. The taxonomy is an inventory of Operational Risks which is also known as Key Operational Risk (KOR).</p> <p>At least once in a year, Business Units are required to assess the KORs that are applicable to their operations for proper risk management. At an Enterprise Level, each Executive Committee has been identified to own each of these KORs for management and governance.</p> <p>KORs is divided into nine high level risks, namely: (1) Conduct; (2) Execution, Delivery & Process Management; (3) External Event; (4) Financial Crime; (5) Fraud; (6) People; (7) Information; (8) Technology and (9) Legal & Compliance. These KORs are defined to greater granularity in each of the impacted business unit with appropriate controls regularly assessed for effectiveness.</p> |
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| | | | <p>KORs are measured inherently and residually using the risk assessment methodology. Inherent means assessment is solely to the profile of the KOR while residual considers the controls attached to these risks to either mitigate or reduce the effect of such risk should it crystalize. Key Risk Indicators (KRI's) is used as an indicative data of the risk profile on top of the control assessment.</p> <p>Risk assessment is conducted on a quarterly basis where the result is presented and discussed to each business unit's Functional Risk Management Team (FuRMC). This committee is chaired by the risk owner of each of the business units.</p> <p>Risk assessment result would identify the position of each key risks in relation to the Risk Appetite. In the event that the risk is above the approved appetite, Risk Owner will have to come up with a remediation plan which will be presented and monitored to the above committees mentioned.</p> <p>Managing Product Risk The pricing and risk management of all new products must have regard to the following over-arching principles:</p> <ol style="list-style-type: none"> 1. Purpose Products must serve a defined business purpose 2. Compliance Products must comply with all applicable laws, regulations and internal policies 3. Customer-Centricity Products should provide attractive value to customers and reasonable compensation to distributors. Products should fulfill the principles stated in the Customer Commitment Policy 4. Profitability Products should generate reasonable profit to the company at a reasonable pace 5. Capital Efficiency Products should deliver a minimum return on the capital consumed; not consume excessive capital of the company; and not tie up the company's capital for a prolonged period 6. Sustainability and Risk Management Products should remain profitable within a reasonable range of adverse deviations from pricing assumptions. |
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| | | | | <p>A product must be priced using prudent pricing assumptions based on timely experience studies. Appropriate cost of options and guarantees needs to be reflected in pricing of products with embedded options and guarantees. Pricing assumptions should reflect appropriate asset-liability management.</p> <p>Source Document: 2019 Annual Report, pages 47 to 50 – ENTERPRISE RISK MANAGEMENT</p> |
| E.3.22 | Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems? | <p>OECD PRINCIPLE 6 (VI) (D) (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. It should also be regarded as good practice for this committee, or equivalent body, to review and report to the board the most critical accounting policies which are the basis for financial reports. However, the board should retain final responsibility for ensuring the integrity of the reporting systems. Some countries have provided for the chair of the board to report on the internal control process.</p> | Y | <p>For 2019, (**this will have to be updated if this happened**) the Board of Directors, through its Board Risk and Audit Committees, has conducted a regular review of the Company's material controls (including operational, financial and compliance controls) and risk management systems. The Board Risk Committee, the Audit Committee, and the Board of Directors have declared their satisfaction and confidence on the Company's internal controls and risk management systems.</p> <p>Source Document: 2019 Annual Report, pages 46 to 50 – AUDIT & RPT COMMITTEE, AND ENTERPRISE RISK MANAGEMENT</p> |
| E.4 | People on the Board | | | |
| | Board Chairman | | | |
| E.4.1 | Do different persons assume the roles of chairman and CEO? | <p>OECD PRINCIPLE VI (E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>In a number of countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and chairman, or, if these roles are combined, by designating a lead non-executive director to convene or chair sessions of the outside directors. Separation of</p> | Y | <p>For 2019, the Chairman of the Board was Mr. Jacky Chan, while the Chief Executive Officer was Mr. Surendra Menon.</p> <p>Source Document: 2019 Annual Report, page 22, Profile of Messrs. Chan and Surendra</p> |
| E.4.2 | Is the chairman an independent director/commissioner? | | N | <p>The Chairman of the Board, Mr. Jacky Chan, is a non-executive director of the Company.</p> <p>Source Document: 2019 Annual Report, page 22 – Profile of Mr. Jacky Chan</p> |

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| E.4.3 | Has the chairman been the company CEO in the last three years? | <p>the two posts may be regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capacity for decision making independent of management.</p> <p>UK Code (June 2010) A.3.1 The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If, exceptionally, a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next Annual Report.</p> <p>ASX Code Recommendation 3.2 The chief executive officer should not go on to become chair of the same company. A former chief executive officer will not qualify as an "independent" director unless there has been a period of at least three years between ceasing employment with the company and serving on the board.</p> | N | <p>Mr. Jacky Chan, Chairman of the Board, is not and has never been the Chief Executive Officer of BPI-Philam.</p> <p>Source Document: 2019 Annual Report, page 22 – Profile of Mr. Jacky Chan</p> |
| E.4.4 | Are the role and responsibilities of the chairman disclosed? | <p>ICGN: 2.5 Role of the Chair The chair has the crucial function of setting the right context in terms of board agenda, the provision of information to directors, and open boardroom discussions, to enable the directors to generate the effective board debate and discussion and to provide the constructive challenge which the company needs. The chair should work to create and maintain the culture of openness and constructive challenge which allows a diversity of views to be expressed...The chair should be available to shareholders for dialogue on key matters of the company's governance and where shareholders have particular concerns.</p> | Y | <p>The Company By-Laws discloses the role and responsibilities of the Chairman of the Board. As provided in Article IV Section 4 of the Company By-Laws, the Chairman of the Board of Directors shall have the power and duty to preside at all meetings of the Board of Directors and of the stockholders and to exercise such other powers and perform such other duties and functions as the Board of Directors may, from time to time, assign.</p> <p>Source Document: By-Laws, Article IV, Section 4, page 11</p> |
| Skills and Competencies | | | | |
| E.4.5 | Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in? | <p>ICGN: 2.4.3 Independence Alongside appropriate skill, competence and experience, and the appropriate context to encourage effective behaviours, one of the principal features of a well-governed corporation is the exercise by its board of directors of independent judgement,</p> | Y | <p>BPI-Philam has two (2) non-executive directors, who have prior working experience in the insurance industry.</p> <p>Mr. Jacky Chan (Aged 56), is the Regional Chief Executive responsible is the AIA Regional Chief Executive responsible for the Group's</p> |

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| | | <p>meaning judgement in the best interests of the corporation, free of any external influence on any individual director, or the board as a whole. In order to provide this independent judgement, and to generate confidence that independent judgement is being applied, a board should include a strong presence of independent non-executive directors with appropriate competencies including key industry sector knowledge and experience. There should be at least a majority of independent directors on each board.</p> | | <p>businesses operating in Hong Kong SAR and Macau SAR, the Philippines, Korea and Taiwan as well as Group Agency Distribution and Group Corporate Solutions. He is a director of various companies within the Group, including AIA Co. and AIA International. Mr. Chan has extensive experience having worked at AIA for the past 32 years. Prior to becoming a Regional Chief Executive, Mr. Chan was Chief Executive Officer of AIA Hong Kong and Macau since 2009. Previously, he held several senior positions including the Country Head of AIA China, Executive Vice President – Distribution & Marketing of Nan Shan Life Insurance of Taiwan and Senior Vice President & Head of Life Profit Centre of AIA - Asia (ex-Japan & Korea). Mr. Chan holds a Bachelor of Science Degree from The University of Hong Kong. He is a Fellow of the Society of Actuaries (FSA), a member of American Academy of Actuaries (MAAA) and a Fellow of the Canadian Institute of Actuaries (CIA).</p> <p>Mr. Kelvin Ang, Philam Life’s Chief Executive Officer is a home-grown talent with over 20 years of service in AIA. He has served in various Leadership and Agency Distribution roles across the AIA Group Office and the local Business Units – including Hong Kong, Malaysia, Indonesia, Vietnam and China. In his role as Chief Agency Officer of China and General Manager of Shanghai, he played a key role in the success of AIA China’s agency transformation. Mr. Ang also led the successful AIA-ING agency integration in Malaysia in 2015-2018. After his successful stint in AIA Malaysia, he was appointed as Regional Chief Agency Officer, with AIA Hong Kong, China and Vietnam in his portfolio, with the mission to future proof the business through digitalization and new market expansion.</p> <p>Source Document: 2019 Annual Report, pages 22 and 23 - Profile of Messrs. Chan and Ang</p> |
| E.4.6 | Does the company disclose a board of directors/commissioners diversity policy? | <p>ASX Code Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p> | Y | <p>BPLAC adopts AIA Policy on Diversity, and believes in the power of diverse, talented people to create value and deliver on their customer and shareholder expectations. Fundamental to all the Company’s inclusion efforts is zero-tolerance for discrimination or harassment in any form, across all aspects of diversity, including gender, race, nationality and sexual orientation.</p> |

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| | | Regulations and codes of corporate governance in many developed markets now incorporate board diversity as a consideration in board composition | | Source Document: 2019 Annual Report, page 26 – BOARD INDEPENDENCE AND DIVERSITY |
| E.5 | Board Performance | | | |
| | Directors Development | | | |
| E.5.1 | Does the company have orientation programmes for new directors/commissioners? | This item is in most codes of corporate governance. | Y | BPI-Philam Corporate Secretary provides the orientation for the newly elected directors to explain the organizational profile, charters, by-laws, policies and procedures of the company. New directors are also given with a Board of Director’s Induction Kit, which contains the above information, together with the Manual of Corporate Governance, which contains the roles and responsibilities of the Board and various Committees. A corporate governance seminar is also arranged for each director to ensure adherence to best practices on corporate governance. Source Documents: <ul style="list-style-type: none"> ▪ Directors’ Handbook ▪ 2019 Annual Report, page 28 - ORIENTATION PROGRAMME AND TRAINING |
| E.5.2 | Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes? | OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. In order to improve board practices and the performance of its members, an increasing number of jurisdictions are now encouraging companies to engage in board training and voluntary self-evaluation that meets the needs of the individual company. This might include that board members acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses. | Y | In addition to the Corporate Governance Seminar required by the Insurance Commission and the Company, the Board are likewise encouraged to attend trainings and seminars to further develop and improved their skills, knowledge and experience necessary in the effective performance of their functions as members of the Board and inform the Company on such attendance. Source Documents: <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, page 5 - Qualifications ▪ 2019 Annual Report, pages 28 to 29, ORIENTATION PROGRAMME AND TRAINING, SEMINARS ATTENDED |
| | CEO/Executive Management Appointments and Performance | | | |
| E.5.3 | Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management? | OECD PRINCIPLE VI (D) (3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. In two tier board systems the supervisory board is also responsible for appointing the management board which will normally comprise most of the key executives. | Y | The Board ensures that plans are in place for orderly succession to the Board and senior management to maintain a balance of appropriate skills and experiences within the Company. The Company’s Corporate Governance Manual prescribes a formal, rigorous and transparent procedures for the selection and appointment of directors of the Board and senior management. Appointments to BPLAC Board of Directors or Senior Management |

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| | | | | <p>are made on merits and subject to objective criteria as set forth in the Manual. Careful deliberation and consideration is done to ensure that nominees are qualified to sit in the Board or in Senior Management. The Company, through its major shareholder, considers the knowledge, competencies, skills, and experience that the nominee-director or executives, seriously taking into account the Company's business objectives and strategies. The Company ensures that its Board membership and Senior Management consist of persons with sufficiently diverse and independent backgrounds and possesses a record of integrity and good repute. Part of the selection process of the Company is the use of independent/third party professional search firms to identify and source qualified directors and senior executives.</p> <p>Source Document:</p> <ul style="list-style-type: none"> • 2019 Annual Report, page 27 - Board and Senior Management Selection Process • Manual of Corporate Governance, page 3 – ELECTION TO BPI-PHILAM BOARD OF DIRECTORS |
| E.5.4 | Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President? | <p>OECD PRINCIPLE VI (D) (2). Monitoring the effectiveness of the company's governance practices and making changes as needed.</p> <p>Monitoring of governance by the board also includes continuous review of the internal structure of the company to ensure that there are clear lines of accountability for management throughout the organisation. In addition to requiring the monitoring and disclosure of corporate governance practices on a regular basis, a number of countries have moved to recommend or indeed mandate self-assessment by boards of their performance as well as performance reviews of individual board members and the CEO/Chairman.</p> | Y | <p>The Company has established a Board Performance Evaluation Survey, wherein on an annual basis, all members of the Board are given assessment questionnaires for the purpose of evaluating the performance and overall effectiveness of the Board, the Board Committees, the Chairman of the Board and the CEO. Every April of each year, the Board conducts the performance evaluation, and the results are collected and submitted to the Nomination and Governance Committee. Said Committee will then submit the results to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey |
| Board Appraisal | | | | |
| E.5.5 | Is an annual performance assessment conducted of the board of directors/commissioners? | OECD PRINCIPLE VI (D) (2) | Y | <p>The Board has conducted the Annual Board Performance Evaluation Survey to evaluate the performance and overall effectiveness of the Board. The Survey was participated by majority of the members of the Board. The Survey was submitted to the Nomination and Governance Committee, and duly noted by the Board.</p> |

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| | | | | <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey |
| E.5.6 | Does the company disclose the process followed in conducting the board assessment? | | Y | <p>In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards and criteria provided therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an ‘excellent’; consistently good’; ‘adequate’; or ‘needs major improvement’ rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey |
| E.5.7 | Does the company disclose the criteria used in the board assessment? | | Y | <p>In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards and criteria provided therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an ‘excellent’;</p> |

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| | | | | <p>consistently good'; 'adequate'; or 'needs major improvement' rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey |
| Director Appraisal | | | | |
| E.5.8 | Is an annual performance assessment conducted of individual director/commissioner? | OECD PRINCIPLE VI (D) (2) | Y | <p>In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards and criteria provided therein. Among the criteria set include but not limited to the following: the appropriateness of the Board's composition; the director's skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an 'excellent'; consistently good'; 'adequate'; or 'needs major improvement' rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey |
| E.5.9 | Does the company disclose the process followed in conducting the director/commissioner assessment? | | Y | <p>In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards</p> |

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| | | | <p>and criteria provided therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an ‘excellent’; consistently good’; ‘adequate’; or ‘needs major improvement’ rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey ▪ Manual of Corporate Governance, page 10 – Performance Evaluation |
| E.5.10 | Does the company disclose the criteria used in the director/commissioner assessment? | | <p>Y</p> <p>In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards and criteria provided therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an ‘excellent’; consistently good’; ‘adequate’; or ‘needs major improvement’ rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then</p> |

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| | | | | <p>consolidate and evaluate the answers and submit the results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey ▪ Manual of Corporate Governance, page 10 – Performance Evaluation |
| Committee Appraisal | | | | |
| E.5.11 | Is an annual performance assessment conducted of the board of directors/commissioners committees? | <p>UK CODE (JUNE 2010)</p> <p>B.6 Evaluation: The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.</p> | Y | <p>In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards and criteria provided therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an ‘excellent’; consistently good’; ‘adequate’; or ‘needs major improvement’ rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2019 Annual Report, page 30 – PERFORMANCE EVALUATION ▪ Annual Performance Survey |