



CHARTER PING AN INSURANCE CORPORATION
CORPORATE GOVERNANCE REPORT 2016



Our Mission

To be the company of choice providing the best insurance solution that exceed customer expectations.

Vision

We are a company committed to the interests and welfare of our customers, business partners and shareholders. We will be known for our "solutions" – appropriate and competitive products, timely and reliable services. We commit to continually innovate to respond to the specific needs of customers. We commit to continuously improve work processes in order to deliver superior customer service. We recognize the importance of our employees in fulfilling our vision, thus, we shall train and develop them to become a competent and highly professional workforce. We shall empower them to do their best; inspire, motivate and reward their excellent performance.

Core Values

Customer Focus. We will serve the needs of our customers first, sharing their values and delivering what is due them to the best of our ability. They are the reason we remain vibrant in the industry and they deserve to be treated with extreme importance.

Teamwork. We will work as a team, knowing that the best output can only be attained if we work harmoniously together towards our common vision while setting aside personal interests.

Concern for Others. We will look outside our own interests and deal with others with utmost understanding, appreciation and consideration. We will treat people with respect and dignity at all times.

Excellence. We will seek to deliver the highest standards of performance, pursuing excellence no less, committing to deliver only the best for our customers, our intermediaries, our company and ourselves.

Dependability. Providing insurance solutions is the reason we exist as a business. Hence we will seek every means possible to support and look after our customers.

Integrity. We will be honest and truthful in all our transactions ultimately; we will base our decisions on what is right and not what is popular.

Corporate Snapshot

Charter Ping An Insurance Corporation is a leading non-life insurance company in the Philippines that provides Fire, Motor Car, Marine Cargo, Personal Accident, Bonds, Casualty and Engineering insurance products. In the recent 2013 Insurance Industry Ranking, Charter Ping An ranks number 4 both in Net Premiums Written and Premiums Earned, while number 5 in Gross Premiums Written, among the 70 non-life insurance companies in the Philippines. The Company is committed to deliver best insurance services for the interest and protection of the insuring public.

Charter Ping An Corporate Governance Activities

Charter Ping An is committed to maintain a strict practice of good Corporate Governance within the Company and its stakeholders. This can be achieved by the collaboration of the Board's Management and the Employees' actions to fulfill each and everyone's goals and objectives in a manner that supplements the Company value and beneficial with its stakeholders.

Corporate Responsibility

CPAIC recognizes Corporate Responsibility as a key driver of business value. Being in the business of protecting people, it is imperative that CPAIC apply a policy of long-term to address the needs of its stakeholders/clientele. Among its stakeholders are the environment and the community.

For the year ending December 31 2016, the following are the Corporate Governance activities of Charter Ping An:

RIGHTS OF SHAREHOLDERS

Charter Ping An ensures to take the necessary measures to safeguard the rights of every shareholders. The Company, thru the Board of Directors are committed to respect the rights of each stockholder:

Basic Shareholder Rights. Our shareholders, whether an owner of majority or minority stake, or foreign or institutional investor, are equitably provided with the basic stockholders' rights recognized under the Corporation Code which include voting rights, pre-emptive rights, appraisal rights, rights of first refusal, right to inspect corporate books and records, right to information, right to receive dividends, right to participate and be adequately informed on decisions about fundamental corporate acts.

Right to Nominate. Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in AXA Philippines' By-Laws, applicable laws and the rules of the Insurance Commission and the Securities and Exchange Commission.

Voting Rights. In accordance with AXA Philippines' By-Laws, each Stockholder shall have the right to participate and vote, in person or by proxy, in the Annual Stockholders Meeting including the right to elect, remove and replace directors, vote on certain corporate acts in accordance with the Corporation Code. Charter Ping An has one class of shares designated as common shares. Each outstanding share is entitled to one vote.

Termination. A director shall not be removed without cause if it is not in accordance with the Stockholders' Agreement or if it will deny minority stockholders representation in the Board.

Power of Inspection. All stockholders shall be allowed, subject to reasonable limits, to inspect corporate books and records, including the minutes of the Board meetings and stock registries in accordance with the Corporation Code and Stockholder's Agreement. Upon request, each stockholder may be furnished with annual reports and financial statements which are also readily available on the Charter Ping An website for download.



Right to Dividends. Stockholders shall have the right to receive dividends which shall be payable in cash, property, or stock based on outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations. In 2016, no dividend was declared or paid by Charter Ping An.

Right to Participate in Shareholders' Meeting. The Stockholders (both individual and institutional) are encouraged to attend personally or by proxy the meetings of the Stockholders held at Charter Ping An's principal office in Makati City, a place easily accessible to all investors. To this end, Charter Ping An endeavored to release the notice of ASM at least 21 days from the date of the meeting together with the brief information of the agenda items to give ample time for the stockholders' to prepare for the meeting. The stockholders are given the opportunity to ask and receive answers to their questions relating to Charter Ping An during the meeting. Relevant questions asked and answers given will be included in the Minutes of the Annual Stockholders Meeting and posted on the Charter Ping An website.

Policy on Mergers, Acquisitions and/or Takeovers. It is the policy of Charter Ping An to conduct further due diligence before entering into extraordinary transactions such as mergers, acquisitions and/or takeovers. With the recently concluded acquisition by AXA Philippines, both engaged independent third party firms and consultants to provide a fair evaluation and review of the transaction and to ensure the viability of such transaction with AXA Philippines. The acquisition of Charter Ping An Insurance Corporation was approved by the shareholders.



Disclosure of the Results of the ASM. Charter Ping An made publicly available the results of the votes taken during the most recent ASM for all

resolutions. The minutes of the 2016/2017 meetings of shareholders and Assistant Secretary certification were uploaded to Charter Ping An website the next working day after the ASM or on 26 April 2016. The minutes can be accessed on the Charter Ping An Philippines website at www.Charterpingan.ph.

EQUITABLE TREATMENT OF SHAREHOLDERS

Conflict of Interest and Insider Trading. Charter Ping An has adequate policies in place governing the management of conflicts of interest and use of confidential information for personal gain. Details of these policies are found in AXA Group Compliance and Ethics Guide.

Related Party Transaction. Charter Ping An recognizes that related party transactions may give rise to potential conflict of interest. To address this, Charter Ping An discloses the nature and extent of these transactions in its annual audited financial statements.

2017 Annual Stockholders' Meeting (ASM). The details on how Charter Ping An stockholders were equitably treated during the latest ASM are as follows:

- The Notice of the ASM together with the agenda of the ASM were transmitted to each shareholder of record via registered mail and electronic mail. The rationale and brief explanations of each agenda item were also provided to guide the stockholders in arriving at a well-informed decision.
- A proxy form was enclosed in the Notice to assist the stockholders who cannot attend the meeting in person.
- The 2017 ASM was held on April 26, 2017 at the 34F GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, Makati City.
- During the meeting, the Chairman encouraged each stockholder to raise their questions or to express their opinions or recommendations. The management present during the meeting addressed and answered all the questions and noted the recommendations and opinions of the stockholders. The questions asked and recommendations were duly recorded in the 2017 ASM Minutes. The 2017 ASM Minutes and the voting results, among others, were made available on the Charter Ping An website.

ROLE OF SHAKEHOLDERS

Charter Ping An's goal is to become the preferred company for general insurance for all its stakeholders. Thereby, Charter Ping An aims to

strengthen its focus on the customer and to foster employee involvement through building a culture of trust and achievement.

Therefore, Charter Ping An has been implementing its policies and programs in dealing with its stakeholders to create a lasting value for its stakeholders.



Creditors, Counterparties and Suppliers. Charter Ping An recognizes and commits to protect the rights of its creditors, counterparties and suppliers. It is committed to honor all its contractual obligations with its creditors, counterparties and suppliers based on the covenants agreed with them and in accordance with existing laws, rules and regulations. For its suppliers, Charter Ping An has established appropriate policies that govern the vendor accreditation, selection, bidding and approval processes.

Under Charter Ping An Procurement Policy, all vendors should be accredited by Charter Ping An before they participate in the procurement process. Once a supplier has passed the accreditation process, the vendor is required to submit the Supplier Registration Form to the Procurement Team for inclusion into the Approved Supplier List. The Procurement Team maintains and updates the Approved Supplier List and recommends this panel to the appropriate Business Units upon concurrence. To ensure continuous improvement and quality of approved suppliers, the Procurement Team periodically conducts the Supplier Performance Review and source new suppliers for comparative purposes. Charter Ping An implements a supplier bidding guideline to ensure that the winning bidder has provided the best services with fair cost.



Anti-Corruption Programmes. Charter Ping An is committed to the highest standards of ethical business conduct. Business gifts are sometimes used to foster goodwill and sound working relationships among business partners. This is acceptable business practice. However, under certain circumstances, gifts may be offered in an attempt to obtain or "purchase" favorable treatment. This is not acceptable business practice and Charter Ping An employees must not offer or receive gifts in these circumstances. Charter Ping An explicitly implements a no gift policy regardless of amount especially in exchange for any unnecessary favorable treatment. More so, the entrances of all CPAIC offices are riddled with No Gift Policy sticker. All gifts received or will be given are reported to the Legal and Compliance.

Further, Charter Ping An's Policy prohibits the offering, giving, requesting, receiving, facilitation or authorization of any illegal bribe or inducement which, in contravention of applicable law, results in personal gain or advantage to the recipient (or any person or body associated with the recipient) and which is intended to improperly influence a decision of the recipient. Charter Ping An must not engage, either directly or indirectly through third party intermediaries or otherwise, in Bribery. This includes (i) the use of cash and/or non-cash forms of incentive such as gifts and (ii) the payment or receipt of Bribes.

These policies are applicable to all its employees (including fixed term and temporary workers), contractors, consultants, officers and directors of Charter Ping An.

Charter Ping An adopts in full its 2016 Whistle Blower Policy and the salient provisions of the 2011 AXA Compliance & Ethics Guide.

Employees. Charter Ping An puts high importance to its employees. Charter Ping An has implemented policies and programs to ensure protection and well-being of the employees.

Training and Development. In Charter Ping An, learning and development plays a very important role in the sustainable long term growth of the organization. Charter Ping An invests in various initiatives to ensure the people continually grow and progress. Charter Ping An provides several opportunities for employees to take charge of their career, to learn and develop themselves so they may reach their full potential.

In Charter Ping An, employee trainings are provided through in house training conducted by the HR Department trainers and internal resources (face to face or through online courses and training catalogues), AXA University in Singapore and external learning providers. Aside from the

orientation program for new employees, Charter Ping An employees go through specific learning programs for their job grad level.

They have a learning journey anchored on site learning focus areas - cultural transformation, mastering the business, governance, transversal skills, managing change, and digital transformation. Each focus area has various training programs aimed at developing ones' capabilities and allow the employees to become ready to take on greater responsibilities and opportunities in the organization.

The training schedule is sent via office e-mail. For 2016, Charter Ping An has offered various training and development opportunities to its employees. Programs such as Basics of Non-Life Insurance, Basics of Project Management, Management skills training, corporate governance, and putting customer first, among others, were offered to its employees. Also new employees undergo the 4-day mandatory onboarding program to give the new employees an in-depth understanding and appreciation of Charter Ping An business and culture.

An minimum of 7,264 training hours of Charter Ping An employees were spent for classroom trainings, online trainings and LOMA.



Employee Welfare. Charter Ping An is committed to promoting diversity and inclusiveness by creating a work environment where all employees are treated with dignity and respect and where individual differences are valued. We are committed to provide equal employment and advancement opportunities to all individuals, and employment decisions at Charter Ping An will be based on merit, qualifications and competencies. The Company does not discriminate in employment opportunities or practices on the basis of race, color, religion, gender, sexual orientation, national origin, age, disability or any other characteristic protected by law.

We are dedicated to cultivating a diverse and inclusive environment where all employees feel fully engaged and included in our business and our strategy to become the preferred company.

Charter Ping An will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination and access to benefits and training.

Rewards & Compensation. Charter Ping An is committed to maintain viable compensation plan for its employees. The basic principle is to recognize through salary adjustment only the attainment of relevant educational credentials or qualification requirements associated with the role as defined in the job description i.e. so-called milestones. Other rewards are in the form of one-off cash bonuses, recognition programs and incentives. While salary adjustments on the intermediate, per-exam basis have been retained giving consideration for legacy and market practices, such adjustments have been rationalized to give way to more meaningful milestone adjustments in this Program.

To recognize significant contributions in the organization, Charter Ping An has an annual salary review for all employees on the basis of their performance for the year.

This is intended to foster a positive and productive working environment to motivate employees to always aim for excellence.

Health and Safety. To assist in providing a safe and healthful work environment for employees, customers and visitors, Charter Ping An has established a workplace safety program.

Safety consciousness is an important part of everyone's job. Accidents do not just happen, they are caused. Strict adherence to safety rules is the only way to protect yourself and your employees from possible injury.

Charter Ping An provides information to employees about workplace safety and health issues through regular internal communication channels such as supervisor-employee meetings, e-mail announcements, memos or other written communications.

Employees are expected to obey safety rules and exercise caution in all work activities. They are to immediately report any unsafe condition to the appropriate personnel. Employees who violate safety standards, who cause hazardous or dangerous situations or who fail to report or, where



appropriate, remedy such situations, may be subject to disciplinary actions, up to and including termination of employment.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the Management.

Last 05 -11 June 2017, Charter Ping An held its annual CR Week focusing on employee health and wellness. Free vaccinations, medical consultations and medication were provided to the participating employees.



Corporate Responsibility. Charter Ping An recognizes Corporate Responsibility as a key driver of business value. Being in the business of protecting people, it is imperative that the Company think long-term to meet the needs of its stakeholders. Among its stakeholders are the environment and the community.

Environmental Reporting. Charter Ping An uses an environmental reporting tool to actively manage its power, water and paper consumption as well as carbon emission from business travel. The reporting exercise happens every 4th and 1st quarter of the year.

About the same time, Charter Ping An also invites employees to participate in the Transport Survey where the commuting patterns of employees are reported.

Corporate Responsibility Week. CR Week is an annual activity to reinforce awareness of Charter Ping An responsibilities to the environment and the community. A number of CSR and environmental activities were launched within this week. One of the events joined by Charter Ping An is the feeding program with Hands On Manila Foundations, Inc., and blood donation drive for the Philippine Red Cross and book drive held last 05-11 June 2017.

Charter Ping An engaged its employees to pledge into various charitable institutions these are:

- PLEDGE: Adarna – if you buy a book, one book goes to chosen school.

- PLEDGE: Project Aral – P25.00 worth of notebook goes to chosen school.
- PLEDGE: Marawi.
- PLEDGE: Make a Wish Foundation (sign up a card).

Corporate Social Responsibility. Charter Ping An are partnering with Gawad Kalinga Community Development Foundation, Inc., for community outreach program. Gawad Kalinga is a Philippine-based movement that aims to end poverty for 5 million families, by first restoring the dignity of the poor.

