

# CORPORATE GOVERNANCE MANUAL

*(Revised 26 April 2017)*

## 1 Introduction

This is the Corporate Governance Manual (CGM) of Charter Ping An Insurance Corporation (“CPAIC”), subsidiary of AXA Philippines. The CGM is the local implementation of the Regional Corporate Governance Blueprint (RCGB) rolled-out by the Regional Office in 2008, the AXA Asia Group Standards Handbook (GSH) (January 2013) and the AXA Asia Region Governance Standard (RGS) (June 2013) [*collectively referred to as Regional Corporate Governance Standards (RCGS)*].

The RCGS outline the corporate governance framework for AXA’s corporate entities in Asia. It sets minimum requirements with the aim of ensuring that all of AXA’s corporate entities follow a consistent and efficient approach to corporate governance and that each AXA entity operates within a clear corporate governance framework with a consistent set of guidelines. It encompasses five (5) sections, namely:

- Corporate Governance Principles
- Board
- Management
- Delegated Authorities and
- Risk Management Framework.

The implementation of good corporate governance practice will ensure management accountability for the benefits of our shareholders and regulators. The CGM aims to ensure that CPAIC:

- Follows a consistent and efficient approach;
- Operates within a clear set of guidelines and framework;
- Is aware of the processes, deliverables, reporting framework and required approvals, and
- Gains from the reuse of templates.

## 2 Background

As part of its effort to maintain the highest standard of corporate governance, CPAIC has developed its CGM.

The CGM seeks to bridge the gaps between the RCGS and the existing corporate governance structure in CPAIC. The CGM also incorporates the corporate governance policies required by local regulators. It also defines the Terms of Reference (TOR) of the Board Sub-Committees, namely: Board Nomination Committee (BNC), Board Investment Committee (BIC), Board Remuneration Committee (BRC) and Board Risk Management, Audit and Compliance Committee (BRMACC).

Based on the company's current corporate governance structure, the following gaps were identified and addressed by the CGM, to wit:

- i. Establishment of a Board Charter;
- ii. Establishment of a Code of Conduct for the board members;
- iii. Revision of the existing terms of reference for the Sub-Board Committees; and
- iv. A detailed board calendar which outlines matters that Board and Board Committees should deal with and the related timing.

### Board Charter

The Board Charter (*Appendix 1*) is the official statement setting out the roles and functions of the Board. It shall be read together with the Corporate Governance Principles and Leading Practices issued by the regulator for adoption by the insurance companies.

The adoption of the Board Charter serves as the confirmation by the Board of its adherence to the best practice on corporate governance.

### Code of Conduct

In October 2008, as amended in January 2012, the AXA Regional Office implemented the Compliance and Ethics Manual for Employees (CEME), designed to govern directors as well. The said CEME is incorporated herewith as the Code of Conduct applicable to Directors as *Appendix 3*.

### Terms of Reference

The Board Risk Management, Audit and Compliance Committee, the Board Remuneration Committee, the Board Investment Committee, and the Board Nomination Committee shall assist the Board of Directors in some of its key responsibilities. The draft TORs for these Committees are incorporated herewith as in *Appendix 4*, *Appendix 5*, *Appendix 6*, and *Appendix 7* respectively. Relevant provisions of the AXA Group Standards Handbook and Professional Family Policy Manual form part of the Terms of Reference.

### Board Calendar

This Manual includes a Board Calendar consisting of a list of matters to be dealt with by the Board and Board Committees for the whole year according to the required frequency. The standardised agenda would ensure a consistent review process whereby all necessary matters will be dealt with at least once a year or as required. The Board Calendar is *Appendix 8* of this Manual.

CPAIC is committed to maintaining the high standards of corporate governance. Henceforth, the CGM shall be reviewed and revised, if necessary, at least annually to incorporate changes in the corporate governance policies and procedures and latest pertinent regulatory issuances. Any revision or update in the CGM shall likewise be approved by the Board of Directors.

### **3 Appendices**

- Appendix 1 – Board Charter
- Appendix 2 – Schedule of Matters reserved to the Board
- Appendix 3 – Code of Conduct (Compliance and Ethics Manual for Employees)
- Appendix 4 – Board Risk Management, Audit and Compliance Committee's terms of Reference
- Appendix 5 – Board Remuneration Committee's terms of reference
- Appendix 6 – Board Investment Committee's terms of reference
- Appendix 7 – Board Nomination Committee's terms of reference
- Appendix 8 – Sub-Board Committee Calendar

## **BOARD CHARTER**

### **1. Responsibilities of the Board**

The Board has the overall responsibility for:

- governance of the Company including its strategic direction;
- reviewing and approving plans established by management;
- monitoring of performance against agreed plans;
- establishment and monitoring of internal controls and compliance with applicable legislative and regulatory requirements;
- delegation of authority to management.

A schedule of matters reserved to the Board is set out in the Appendix to this charter.

The Board may delegate to its committees, a director or directors, management or any other person, authority to exercise any of its powers other than the powers reserved to it.

### **2. Ethics**

The directors consider that there are fundamental ethical values that underpin their role as directors and as members of its Board and committees. At all times, directors will:

- act with integrity;
- be honest and open with each other;
- ensure whenever and wherever possible that they do not engage in any activities that may result in a conflict of interest with their duties to the Company and that cannot be appropriately managed;
- work co-operatively among themselves and with management in the best interests of the Company;
- recognise the separate roles and responsibilities of the Board and management;
- be diligent and continuously strive to improve the Company and Board operations and performance;
- observe the letter and the spirit of the constitution, laws, regulations and any policies under which the Company operates;
- have an active interest in and concern for the communities in which the Company operates;
- avoid any behaviour that is likely to reflect badly on the Board or the Company.

This Code of Conduct is read in conjunction with the principles outlined in the AXA Global Group's Compliance and Ethics Guide (*Appendix 3*).

### **3. Conflicts of Interest**

Directors are required to disclose any conflicts of interest and to abstain from participating in any discussion or voting on any matter in which they have a material personal interest except with the prior approval of the Board.

Conflicts of interest exist in the following situations, among others:

- Self-dealing, in which a Director causes the Company to enter into a transaction with another organization that benefits such Director.
- Outside employment in other insurance companies or financial institutions that are viewed as competitors by the Company
- Family interests, in which a relative up to the third degree of affinity or consanguinity is employed (or applies for employment) or where goods or services are purchased from such a relative or a firm controlled by a relative.
- Receiving high value gifts from entities that do business with the Company. In this regard, high value is defined as worth more than Php 1,000.
- Interest in stocks or other investments, in which the Company is invested in or is contemplating on investing in.

### **4. Disclosure of Director Interests**

Directors are required to disclose any notifiable interests<sup>1</sup> to the Chief Executive Officer and the Legal Counsel and Company Secretary:

- on the date that the director is appointed;
- upon a change to a notifiable interest of a director.

### **5. Business of the Board**

The Board will maintain a 12-month rolling plan of business to be conducted by either the Board or its committees that includes the following:

- consideration and approval of the strategic plan;
- consideration and approval of 3 years strategic plan;
- consideration and adoption of financial statements;
- consideration and declaration of dividends;
- receipt of regular reports from management on the financial and operational performance against agreed performance targets;
- review of the Board and management performance.

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<sup>1</sup> Notifiable Interest of a director means (i) interests in securities of the Company or a related body corporate or (ii) interests in a contract to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in an investment scheme made available by, the Company or a related body corporate.

## 6. Board Membership

The Board and senior management will collectively have the full range of skills needed for the effective and prudent operation of the Company. Each director will have skills that allow him or her to make an effective contribution to the Board deliberations and processes.

The Board will have at least two (2) independent directors.

Non-Filipino citizens may become members of the Board to the extent of the foreign participation in the equity of the Company, provided, however, that a majority of the directors are residents of the Philippines.

## 7. Independence

The Board will regularly assess the independence of a director in light of interests disclosed by them. In general, a director will be regarded as independent if, apart from fees and shareholdings, the director is independent of management and free from any business or other relationship which could reasonably be perceived to materially interfere with the director's exercise of independent judgment in carrying out his responsibilities as a director. In particular, an independent director of the Company shall mean a person who:

- is a non-executive director (i.e. not a member of management);
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company;
- has within the last 3 years not been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment;
- has within the last 3 years not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a director;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

## **8. Chairman of the Board**

The directors will appoint a Chairman of the Board by such method as agreed by the Board.

The Chairman shall be a non-executive director. The Chairman plays an important leadership role with the Company and is involved in:

- chairing meetings of shareholders and Board meetings;
- monitoring the performance of the Board, the mix of skills of directors and the effectiveness of individual contributions;
- maintaining ongoing dialogue with the Chief Executive Officer and providing appropriate guidance.

Considering that the insurance business is imbued with public interest, the role of the Chairman and the Chief Executive Officer shall in principle be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

## **9. Meetings**

The Board will meet regularly at least four times per year.

Special meetings may be called at any time by the Chairman of the Board, or, in his absence, by the President, or upon the request of a majority of the directors.

## **10. Independent Professional Advice**

After consultation with the Chairman, directors may seek independent professional advice at the Company's expense. Following its receipt, such advice would normally be made available to all directors.

## **11. Board Performance**

To enhance Board and management effectiveness, the Board will evaluate at least annually its performance related to the matters reserved to the Board and the performance of its committees and individual directors.

The Board shall likewise assess and evaluate the performance of the executive directors and the President as well as the Chairman of the Board.

The Chairman may hold meetings with the non-executive directors without the executive director/s' presence to evaluate the executive director/s' performance. The non-executive directors, led by the independent directors, may meet annually without the Chairman's presence to appraise the Chairman's performance.

**12. Attendance**

Directors are expected to regularly attend meetings of the Board and committees of which they are members. The Board may invite any management representatives, advisers, consultants and others as it thinks fit, to attend Board meetings.

**13. Secretary**

The Company Secretary will act as secretary of the Board and will attend meetings of the Board as required.

**14. Minutes /Board Papers**

Minutes of meetings of the Board and resolutions of the Board must be prepared by the secretary and approved by the Chairman. Minutes will be circulated to all directors and confirmed at the next subsequent meeting of the Board.

Board papers for Board and Committee meetings shall be provided to the members of the Board and Committees at least five (5) days prior to the date of the meeting in order to ensure that the directors are given ample time to review the materials to be considered at the meeting.

**15. Induction & Training**

The Board shall maintain an induction process for new directors.

The Company encourages directors to update and enhance their skills and knowledge by attending appropriate training programmes on director responsibilities.

**16. Multiple Board Seats**

The optimum number of directorships shall be generally related to the capacity of a director in performing his duties diligently. The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit (four or lower) on membership in other corporate boards. The same low limit also 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 positions in any corporation. In any case, the capacity of directors to serve with diligence shall not be compromised.



## **SCHEDULE OF MATTERS RESERVED TO THE BOARD**

The following matters are reserved to the Board.

### **Governance**

- Overseeing the business and affairs of the Company by
  - reviewing and approving strategic direction, objectives and goals proposed by management;
  - approving major corporate initiatives;
  - monitoring performance against approved plans.
- Adopting a Board charter.
- Appointing the Chairman.
- Establishing Board committees, determining membership and adopting terms of reference for the committees.
- Adopting a set of management delegations to allow management to carry on the business of the Company.

### **Shareholder approval**

- Convening shareholders meetings.
- Selecting and nominating directors for election and re-election by shareholders.
- Recommending to shareholders the appointment of external auditors.
- Recommending to shareholders the declaration of stock dividends

### **Financial**

- Approving accounting policies and practices.
- Approving 3 year strategic plans annually.
- Monitoring performance including the receipt of regular reports from management on the financial and operational performance of the Company against agreed performance targets.
- Approving interim and annual reports and financial statements
- Approving cash dividends.
- Approving the capital management of Company including the issue of further shares.
- Reviewing periodic financial condition reports including both asset and liability management and other financial models.
- Reviewing principles in use from time to time by management for determining crediting rates on participating business and approving crediting rates.

## **Risk management**

- Appointing a Board Risk Management, Audit & Compliance Committee
- Approving internal controls, risk management policies and procedures.
- Review and approval of material/significant related-party transactions (RPTs)
- Monitoring business conduct and compliance with laws, regulations, Company policies and relevant codes of conduct.
- Approving risk management statements.

## **Remuneration and performance management**

- Appointing Board Remuneration Committee and Board Nominations Committee.
- Appointing and if appropriate, terminating the contract of the chief executive officer.
- Ensuring the adequacy of succession planning.
- Reviewing the performance of the Chairman, the Board and the committees.

## **Investment**

- Appointing a Board Investment Committee.
- Approving material acquisitions and disposal (including property).

**CODE OF CONDUCT**

CPAIC is committed to the highest standards of ethical and fair business conduct and supports and promotes the principles set out in the AXA Asia Compliance and Ethics Manual for Employees (CEME) that was initially implemented by the AXA Regional Office in October 2008 and amended in January 2012.

The said manual is incorporated herewith by reference as the applicable Code of Conduct for directors.

A breach of this Code of Conduct may breach the law, a policy of the Company or both. The Company may investigate any reported breach and take disciplinary action that may include dismissal. If an employee is unsure of whether an action is a breach of this Code of Conduct, they should raise the matter with their immediate manager or the Legal Counsel and Company Secretary. If a director is unsure of whether an action is a breach of this code of conduct, they should raise the matter with the Legal Counsel and Company Secretary.

## **BOARD RISK MANAGEMENT, AUDIT AND COMPLIANCE COMMITTEE**

### **TERMS OF REFERENCE**

*(As amended on 24 October 2012)*

#### **1. PURPOSE**

The purpose of the Board Risk Management, Audit and Compliance Committee (“the Committee”) is to assist the Board of Directors of CPAIC (“the Board”) and AXA Asia Regional Management Audit and Compliance Committee (RMACC) in fulfilling its governance and oversight of the:

- 1.1 Adequacy and effectiveness of the internal control and risk management frameworks.
- 1.2 Financial reporting process and the integrity of the publicly reported results and disclosures made in the financial statements.
- 1.3 Effectiveness, performance and independence of the internal and external auditors.
- 1.4 Business conduct and compliance with laws, regulations and relevant codes of conduct.

The role of the Committee in no way reduces the responsibility of the Board under relevant laws and regulations in respect of governance and oversight of the Company.

#### **2. AUTHORITY**

The authority of the Committee covers CPAIC (“the Company”) and, to fulfill its duties, the Committee may at any time in its discretion:

- 2.1 Request, at the Group’s expense, the engagement of external experts to perform investigations into any matter within its scope of responsibility to the extent that it deems necessary or appropriate.
- 2.2 Request any information it desires from the Group, including calling any employee to provide information at a meeting of the Committee.
- 2.3 Where appropriate, the duties of the Committee will be carried out in conjunction with other committees of the Board.

### **3. ADMINISTRATION**

3.1 The Committee shall comprise at least three (3) members and may have a maximum number of seven (7) members; each of whom must fulfill applicable listing, legal & regulatory requirements, joint venture agreement as well as the AXA Group requirements on competence and independence. Detailed composition is as follows:

#### **Members**

Independent Director (Chairman)

Independent Director (Member)

AXA Director (Member)

Metrobank Director (Member)

Advisor (Non-Member)

#### **Standing attendees**

Chief Executive Officer

Chief Financial Officer

Chief Risk Officer

Head of Audit

External Auditors

Head of Legal and Compliance or his/ her delegate

AXA Asia Regional Head of Audit or his/ her delegate

Head of Legal and Compliance will be the Committee Secretary.

3.2 A majority of the director-members of the Committee present during a meeting shall constitute a quorum.

3.3 The Committee shall meet at least four times each year, with the authority to convene additional meetings as and when it deems appropriate.

3.4 Without the presence of other executives, the Committee shall meet with the external auditors and with the Head of Internal Audit at least twice each year to discuss their respective remits and any unresolved issues, concerns or other matters.

3.5 A summary report and/ or minutes of the Committee meeting shall be made to the Board following each meeting of the Committee by the Chair of the Committee. However, in the case of any significant issues or difficulties that it may face, the Committee shall inform the Chairman of the Board as soon as is practicable.

3.6 An evaluation of the performance of the Committee shall be performed against the requirements of these terms of reference on an annual basis.

#### **4. DUTIES**

The Committee shall consider and report to the Board through a summary report and/or minutes on each of the following matters on an annual or other periodic basis as it deems appropriate:

##### **4.1 *Compliance, Risk Management & Internal Control***

To allow the Committee to review and form an opinion on the effectiveness of the Company's compliance, risk management and internal control frameworks, the Committee shall in particular:

- a. Consider management's and/or internal / external auditors' assessments of the effectiveness of the internal control and risk management processes including any weaknesses or other issues revealed by investigations of the causal factors behind events such as internal frauds, significant legal actions and reported operational failures, as well as the results of reviews performed by bodies such as internal and external audit, compliance, management control functions, and regulators.
- b. Review regular updates from management on significant complaints, external and internal fraud.
- c. Obtain regular updates from management, Compliance and Legal on significant regulatory compliance matters, the effectiveness of systems for monitoring compliance and any instances of non-compliance;
- d. Obtain regular updates from Legal on the status of material open litigation and other proceedings and the related reserves;
- e. Review periodically any significant complaints received;
- f. Review business risk profiles and periodic risk management statements;
- g. Review and monitor fraud and anti-money laundering policies of the Company;
- h. The scope of the systems of internal control, as reviewed by the Committee, should include internal control systems, including information technology security, that help ensure sound financial reporting and safeguarding of the Company's assets.

## **4.2 Financial Statements & Reporting Processes**

To allow the Committee to form an opinion on the integrity of the publicly reported results and disclosures made in the financial statements of CPAIC and its contribution to the AXA Group and/ or Metrobank Group consolidated financial statements, the Committee shall, in particular:

- a. Review recent professional and regulatory issues and pronouncements and their impact on the financial statements and reporting processes of the Company.
- b. Review the draft local GAAP financial statements to be submitted for approval to the Board to consider the quality, accuracy, completeness and clarity of the information provided and challenge, where necessary, the actions and judgments of management, particularly focusing upon:
  - i. Significant accounting policies or practices and any changes thereto.
  - ii. Compliance with Accounting Standards.
  - iii. Material decisions requiring a major element of judgment or significant estimates.
  - iv. The treatment and disclosure of any new complex and/or unusual transactions during the period.
  - v. Any significant adjustments resulting from external audit work or otherwise.
  - vi. Any qualifications or non-compliance with accounting standards or any listing, regulatory and/or legal requirements with regard to financial reporting.
  - vii. Any matters drawn to the attention of the Committee by the Company's external auditors.
- c. Consider the reconciliation between local GAAP financial statements and the financial statements reported for consolidation by the AXA Group and/ or Metrobank Group.
- d. Consider the results of, and procedures for the receipt, retention and investigation of, any significant complaints received by the Company regarding accounting, internal controls over financial reporting, or auditing matters.

### **4.3 External Auditors**

To allow the Committee to form an opinion on the effectiveness, performance and independence of the Company's external auditors, the Committee shall:

- a. Review the external auditors' assignment plan, annual report and management letter.
- b. Review the breakdown of the fees paid to the external auditors by the Company.
- c. Consider the appointment, reappointment, dismissal or resignation of the external auditors and oversee the process for selecting the external auditors, making recommendations regarding their appointment, reappointment, or dismissal to the Board.

### **4.4 Internal Auditors**

To allow the Committee to form an opinion on the effectiveness, performance and independence of the Company's internal auditors:

- a. Review and approve the Company's internal audit plan, charter, and activities particularly with regard to it being adequately resourced and free from constraint by management.
- b. Review the major findings presented by internal audit and consider the appropriateness of management's response to them.
- c. Review the quarterly report on resolution of internal audit issues, requesting further management explanation where necessary for high priority issues that are overdue.
- d. Review a periodic independent assessment of the effectiveness of the internal audit function, including compliance with generally accepted auditing standards
- e. Consider the appointment, appraisal, resignation and dismissal of the Head of Audit with the AXA Asia Head of Audit.

## **5 OTHER DUTIES**

The Committee shall:

- a. Perform other activities according to the applicable regulatory requirements and the joint venture agreement between the shareholders;
- b. Perform other activities related to these terms of reference as requested by the Board;
- c. Review and assess the adequacy of these terms of reference annually, requesting Board approval for proposed changes;



- d. Confirm annually that all responsibilities outlined in these terms of reference have been carried out; and
- e. Evaluate the performance of the Committee and its members on a regular basis.

## **BOARD REMUNERATION COMMITTEE TERMS OF REFERENCE**

### **1. Purpose**

The purpose of the Committee is to assist the Board of Directors in:

- Recommending a framework for the remuneration of the directors, the Chief Executive Officer and key senior offices to:
  - attract, motivate and retain high performing senior executives;
  - align remuneration with business performance; and
  - motivate directors and management to pursue the long-term growth and success of the Company with an appropriate control framework.
- Ensuring the highest standards of governance and disclosure in relation to remuneration.

### **2. Scope**

The Committee has responsibility for:

- strategy and policy for remuneration of the Company;
- directors' remuneration;
- chief executive officer's employment and separation terms;
- senior executives' long-term incentive plan;
- salary budget in relation to base salary review, team and other incentive payments;
- appropriate governance and disclosure policy in respect of remuneration and the performance;
- performing other activities according to the applicable requirements in the regulation; and
- performing other activities related to these terms of reference as requested by the Board.

### **3. Authority**

The Committee should not be delegated with decision-making powers but should reports its recommendation to the full Board for decision.

#### **4. Composition**

The Committee should consist of three (3) directors (one nominated by AXA, one nominated by Metrobank and one independent director)<sup>2</sup>.

#### **5. Meetings**

The Committee shall meet as and when required but at least once a year.

Meeting agenda will be prepared and provided in advance to members along with appropriate papers. Minutes will be prepared, approved by the Committee, and circulated to the Board.

#### **6. Secretary**

The Head of Human Resources of the Company shall be the Secretary of the Committee.

#### **7. Governance and disclosure**

The Committee shall review policies and processes at least annually to ensure compliance with best practice in relation to governance and disclosure and where appropriate make recommendations to the Board in relation to appropriate policies and practices.

#### **8. Reporting responsibilities**

The Committee shall:

- report regularly to the Board on Committee activities describing the Committee's composition and responsibility and how those responsibilities were discharged;
- be responsible for ensuring that appropriate procedures are in place to ensure compliance with legislative and regulatory requirements and, where adopted by the Board, voluntary codes of conduct on disclosure of remuneration

## BOARD INVESTMENT COMMITTEE

### TERMS OF REFERENCE

#### NOTE: CPAIC AND AXA PHILIPPINES HAVE A COMMON BOARD INVESTMENT COMMITTEE

#### 1. Purpose

The purpose of the committee is to assist the board in fulfilling its governance and oversight responsibilities in relation to investment strategy and performance for the Company.

The committee will approve and review strategy and policy with respect to the portfolio investments of policyholder, unit holder and shareholder funds.

#### 2. Scope

The scope of the committee is to:

- approve investment strategy and policies;
- approve investment mandates including allowable investments, policy ranges, benchmarks and risk control limits;
- review investment performance of key products;
- approve risk management statements;
- approve a schedule of delegations to management;
- approve large and/or non-standard transactions; and
- approve counterparties, brokers, custodians, and other investment service providers.

Delegated authorities to management and the definition and scope of large and non-standard transactions will be reviewed at least annually.

#### 3. Meetings

The committee meets quarterly and more often, if required.

#### 4. Composition

Membership of the committee will consist of six (6) directors (three nominated by AXA and three nominated by Metrobank).

#### 5. Reporting

The committee, through its Chairman, shall report to the board after each committee meeting and minutes of all committee meetings shall be circulated to the Board.

**6. Secretary**

The Investment Manager shall be the secretary of the committee.

## **BOARD NOMINATION COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. Purpose**

The purpose of the Committee is to assist the Board of Directors in fulfilling its governance and oversight responsibilities for:

- identifying, evaluating and recommending non-executive director candidates to the Board;
- ensuring that non-executive directors have an appropriate mix of skills, expertise and experience and operate effectively.

The role of the Committee in no way reduces the responsibility of the Board under relevant laws and regulations in respect of governance and oversight of the Company.

#### **2. Authority**

The Committee has authority to:

- retain external consultants and advisers to advise the Committee;
- seek any information it requires from employees – all of whom are directed to cooperate with the Committee's request – or external parties;
- meet with officers of the Company or external consultants, as necessary;
- approve matters relating to nominations with authorities delegated to it by the Board.

#### **3. Composition**

The Committee should consist of three (3) directors, one (1) director nominated by AXA, one (1) director nominated by Metrobank and the other one, an independent director.

#### **4. Meetings**

The Committee will meet quarterly if there are matters for the Committee to approve.

The Committee shall meet as and when required.

Meeting agenda will be prepared and provided in advance to committee members along with appropriate papers. Minutes will be prepared, approved by the committee and circulated to the board.

## **5. Secretary**

The Secretary of the Company shall be the secretary of the committee.

## **6. Responsibilities**

The Committee has the following responsibilities:

### **6.1 Nominations**

The Committee shall:

- Make recommendations to the Board on the selection and appointment of non-executive directors;
- Periodically review the fee structures and fee levels for non-executive directors and make recommendations to the Board for approval;
- In considering Directors, consider the required competencies of new Directors having regard to the mix skills, experience and qualities of existing Directors. The Committee may appoint consultants to assist with the identification of candidates;
- Ensure that appropriate process for the orientation and induction of new directors is carried out and that the process reflects the background and experience of each new Director and any requirements under the law and any industry and governance standards.

### **6.2 Governance and disclosure**

The Committee shall:

- Review policies and processes at least annually to ensure compliance with best practice in relation to governance and disclosure and where appropriate make recommendations to the Board in relation to appropriate policies and practices;
- Review any reports required by law or requested by the Board.

## **7. Reporting responsibilities**

The Committee shall:

- Report to the Board after each Committee meeting, describing the Committee's composition and responsibilities and how those responsibilities were discharged;
- Circulate minutes of Committee meetings to the Board;
- Be responsible for ensuring that appropriate procedures are in place to ensure compliance with legislative and regulatory requirements.

## **8. Other responsibilities**

The Committee shall:

- Review the process of ensuring the overall effectiveness of the Board and its committees;
- Perform other activities related to these terms of reference as requested by the Board;
- Review and assess the adequacy of these terms of reference annually, requesting Board approval for proposed changes.



## Board Calendar

**Board**

	Timing	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
- Annual accounts and supporting papers	Annually				X								
- Half-year accounts and supporting papers	Annually							X					
- Dividend policy	Annually				X								
- Financial condition report	Annually				X								
- Performance against budget (in dashboard)	Each meeting												
- Board calendar	Annually												X
- Strategy and strategic plan	Annually												X
- Delegated authorities	Annually										X		
- Code of conduct	Annually				X								
- G&E policy	Annually										X		
- Conflict of interests policy	Annually										X		
- Board charter	Annually												X
- Strategy and policy for remuneration for the Company	Annually												X
- Remuneration of directors	Annually				X								
- Reports from board committees and matters arising	Each meeting												
- Review of Committee terms of reference	Annually												X
- Review Committee membership	Annually				X								

## Board Risk Management, Audit and Compliance Committee

	Q1	Min.	Q2	Min.	Q3	Min.	Q4	Min.
<b>Sessions outside the main meeting</b>								
In Camera Sessions - Private meeting with Internal Auditors	Internal Audit	10	Internal Audit	10	Internal Audit	10	Internal Audit	10
Private meeting with External Auditors	External Audit	10	External Audit	10	External Audit	10	External Audit	10
<b>Administration</b>								
Minute Approval and Carried Forward Action Items	Chairman	10	Chairman	15	Chairman	10	Chairman	10
Matters Arising	All	5	All	5	All	5	All	5
Audit Committee Members' Self-assessment							Internal Audit	15
<b>Current Focus</b>								
<b>Financial Statements</b>								
Financial Statements & Group Reporting	External Audit / Finance	30			External Audit / Finance	30		
<b>External Audit (EA)</b>								
External Auditors Annual Audit Plan					External Audit	15		
<b>Internal Audit (IA)</b>								
Quarterly Internal Audit Report (included Whistleblowing)	Internal Audit	10	Internal Audit	15	Internal Audit	10	Internal Audit	10
Annual Audit Plan							Internal Audit	15
Annual Internal Audit Charter & Audit Committee Charter Review	Internal Audit	5						
<b>Internal Control &amp; Risk Management</b>								
Compliance Report (included Events and Breaches, Regulatory Activity, Anti-money Laundering, etc)	Compliance	15	Compliance	20	Compliance	15	Compliance	15
Annual Compliance Plan							Compliance	15
Annual Policy Review	Compliance	15						
External Auditors' Management Letter	Finance – Status update	10	Finance – Status update	10	Finance – Status update	10	External Audit - New issues	10
Litigation Report	Legal	10	Legal	10	Legal	10	Legal	10
Legislative Update	Legal	10	Legal	10	Legal	10	Legal	10
Fraud Status Update	Fraud Control Officer	10	Fraud Control Officer	10	Fraud Control Officer	10	Fraud Control Officer	10
Complaints Report	COO	10	COO	10	COO	10	COO	10
Operational Key Risks Report	CRO	10	CRO	10	CRO	10	CRO	10
<b>Future Focus</b>								
Audit, Risk and Compliance Matters – Open Forum	All	5	All	5	All	5	All	5
		<u>175</u>		<u>140</u>		<u>170</u>		<u>170</u>

\* Please note that this is simply an example of a timed annual agenda – it is not intended to mandate the structure, length or composition of the meetings.

## **Board Investment Committee**

	Timing												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
- BIC terms of reference	Annually												X
- Investment performance report	Each meeting												
- Fund manager report	Each meeting												
- Risk management statements	At least annually												
- Delegation	At least annually												
- Large and/or non-standard transactions	As required												
- Review of investment policies, strategies and mandates - Asset allocations for shareholder capital - Tactical asset allocation - Investment mandates for each asset class - Concentration limits	At least annually for each policy												

### **Board Remuneration Committee**

	Timing												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
- BRC terms of reference	Annually												X
- CEO employment terms	Annually												
- Senior executives long term incentive scheme	Annually												
- Senior executive budget	Annually												
- Strategy and policy for remuneration for the Company	Annually												X
- Remuneration of directors	Annually				X								

### **Board Nomination Committee**

	Timing												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
- Selection and appointment of non-executive directors	Annually				X								
- Remuneration of directors	Annually				X								
- Orientation and induction of new directors	Annually				X								
- Review policies and processes	Annually				X								
- Review reports required by law	As required												
- Committee terms of reference	Annually				X								X