



HEALTHIER, LONGER,  
BETTER LIVES

# GEARING UP FOR THE FUTURE

AIA PHILIPPINES ANNUAL REPORT 2021



**HEALTHIER, LONGER,  
BETTER LIVES**

With our rebrand from AIA Philam Life to AIA Philippines in August 2021, we continue to make a positive difference in the lives of Filipinos by giving them peace of mind through the innovative protection and long-term savings solutions we offer, coupled with game-changing health and wellness propositions to help them live Healthier, Longer, Better Lives.

We are our customers' partner in creating a secure and healthy future for them and their loved ones. The strength and stability of our business makes it possible for us to fulfill our commitments to our customers, while access to global insight and expertise through our parent company, AIA Group, enables us to create relevant solutions that address our customers' needs.

## **AIA PHILIPPINES: GEARING UP FOR THE FUTURE**

On 9 August 2021, AIA Philam Life officially announced its transition to AIA Philippines, its new brand name aligned with AIA Group, its Hong Kong-based parent company.

Philam Life was established in 1947 by AIG founder Cornelius Vander Starr and his partner, Earl Carroll, which served as a "house of savings". In just two years, they were able to achieve their goal to help Filipinos protect themselves against risk, even helping the Philippine economy recover postwar.

In 2009, then Philam Life officially became part of the AIA Group, an over 100-year-old leading pan-Asian life insurance organization based in Hong Kong, with presence in 18 markets across the Asia-Pacific region.

While times have changed, the company's mission of racing against risk to protect Filipino families has not. Through the decades, AIA Philippines remained a strong partner of Filipinos to protect themselves and prepare for life's uncertainties. Today, as the company fully embraces its heritage, AIA Philippines focuses on the fulfillment of its purpose of helping people live Healthier, Longer, Better Lives.

The change in name to AIA Philippines is not just a change in brand name; it is accompanied by major internal transformations that will bring it in alignment with the strategic direction of the AIA Group. Among the pieces is the big role that technology, digital and analytics will play in the conduct of business, especially in the development of new product propositions, service delivery to customers, and support of the distribution partners. This, together with the shift in focus from corporate social responsibility to the more holistic Environmental, Social, and Governance (ESG) approach, is with the end goal of making sustainability embedded in the conduct of business while ensuring the strength and stability of AIA Philippines in the long-term.

AIA Philippines' vision is to be the Philippines' pre-eminent life insurance provider, as it stays focused on customers. In today's uncertain and fast-changing world, a company that puts the needs of its customers while adapting to this dynamic, progressive environment is the key to a strong and stable future. Indeed, AIA Philippines is getting itself ready, making sure it will still remain standing many years from now, fulfilling its mission of racing against risk to protect every Filipino family and empowering them to live Healthier, Longer, Better Lives.

# CONTENTS

## OVERVIEW

- 04 AIA Philippines At-A-Glance
- 06 AIA At-A-Glance
- 10 Message from the Chief Executive Officer
- 12 Financial Highlights

## BUSINESS REVIEW

- 14 Agency Distribution
- 15 Corporate Solutions
- 16 Marketing
- 19 Investments
- 20 Real Estate
- 20 Customer Operations
- 21 Information Technology
- 23 Our People
- 25 Philam Foundation
- 27 Affiliates and Subsidiaries
- 28 Our Management Team

## CORPORATE GOVERNANCE

- 30 Corporate Governance
- 32 Board of Directors
- 46 Operating Philosophy
- 52 Enterprise Risk Management
- 54 Audit and Related Party Transactions Committee

## FINANCIAL STATEMENTS

- 58 Statement of Management's Responsibility
- 59 Financial Statements



## ABOUT AIA PHIIPPINES

Our **vision** is to be the Philippines' pre-eminent life insurance provider, driven by our **mission** of racing against risk to protect every Filipino family and empower them to achieve Healthier, Longer, and Better Lives.

**Almost 8,000 agents**  
nationwide

**Almost 800,000**  
individual policies

**Almost 800,000**  
insured group members

**PHP1.39 billion**  
in capital for its life insurance license

**Excess capital 3.5x the amount**  
set by the Insurance Commission

**PHP500 million**  
in capital for its non-life insurance license

**Over 6,000**  
group policies issued



**HEALTHIER, LONGER,  
BETTER LIVES**

**OUR STRENGTH**

For over seven decades now, AIA Philippines has been keeping its commitment to its customers and stakeholders.

We have been recognized many times, through awards and accolades from the Philippine government, from the business community here and abroad, from our peers in the industry, and through the continued trust of our policyholders.

As part of the AIA Group, we share a network of trust that has been painstakingly built across several countries for over a century. We remain strong and steadfast in our commitment, so that those who rely on us can enjoy better lives.

Philam Foundation was awarded twice at the Insurance Asia Awards 2021 for “My Peso and I”, its financial literacy program for college students, as the Financial Education Initiative of the Year, and for the Frontliners’ Inclusive Risk Safety neT (FIRST) initiative that provided free insurance coverage for frontliners as the Insurance Initiative of the Year.



The League of Corporate Foundations recognized Philam Foundation as a finalist at its Guild Awards for “My Peso and I” under the Financial Education Category



For the 17th year, AIA Philippines is again recognized by Reader’s Digest Asia’s Trusted Brand Awards with 11 Platinum and six Gold awards. The recognition is based on consumer surveys measuring trustworthiness, credibility, quality, value, understanding customer needs, innovation and social responsibility.



In 2013, AIA Philam Life was recognized as the top performing company in the AIA Group by winning two prestigious awards – the AIA Premier League Cup and the AIA Champions’ League Cup – for achieving the highest sales growth over target for the year.

In 2008, AIA Philam Life was recognized by the Philippine government, through the Overseas Workers Welfare Administration, for its outstanding programs for Overseas Filipino Workers.

AIA Philam Life received the Presidential Citation from the Philippine government for its contribution to nation building (1994).

AIA Philam Life was given the prestigious Asian Management Award for two consecutive years (1991 to 1992) for strong performance in General and Financial Management.





**OUR PURPOSE  
IS TO HELP  
PEOPLE LIVE  
HEALTHIER,  
LONGER,  
BETTER  
LIVES.**



# AIA

## AT-A-GLANCE



## THE LARGEST LISTED COMPANY ON THE HONG KONG STOCK EXCHANGE

which is incorporated and headquartered in Hong Kong<sup>(1)</sup>



## THE LARGEST LIFE INSURER

in the world by market capitalisation<sup>(1)</sup>

Present in  
**18 MARKETS**  
and **100% FOCUSED ON ASIA**

**NO.1 WORLDWIDE FOR MDRT REGISTERED MEMBERS**

The only multinational company to top the table for **SEVEN CONSECUTIVE YEARS**



Serving the holders of more than **39 MILLION** individual policies and over **16 MILLION** participating members of group insurance schemes

Provides protection with total sum assured of **US\$2 TRILLION** to people across Asia



Benefits and claims exceeded **US\$16 BILLION** in 2021

**COMMITTED TO NET-ZERO GREENHOUSE GAS EMISSIONS BY 2050**

**TOP RATED PERFORMER** by Sustainalytics in the industry and region for ESG

**“DIGITAL INSURER OF THE YEAR IN 2021”** by InsuranceAsia News

Note:  
(1) As at 31 December 2021.



**Dear Shareholders,**

AIA's storied presence in the region remains the inspiration for our unrelenting drive to respond swiftly to the needs of our customers and deliver consistently for our stakeholders. Despite the challenges presented by ever-shifting conditions brought on by the pandemic, we were able to implement significant milestones to our organization, as we fulfilled our commitment to help Filipinos live Healthier, Longer, Better Lives.

Amidst the challenge of the pandemic, we realized our efforts to fully align with our global parent company. In 2021, we completed our rebranding from AIA Philam Life into AIA

Philippines, bringing with it the message of a company performing at the highest global standard comparable to all the markets in which it operates, ready for the post-pandemic future.

This rebranding will give AIA Philippines a consistent approach in its global-best branding, strategy and direction, at a level that has become expected of the AIA Group.

Using technology, digital and analytics (TDA), we continued to prioritize protection and health and wellness, while providing options for long-term savings needs. We achieved 70 per cent of the target we set for number of lives saved, and 65 per cent of the committed basic sum assured.

The launch of two new products reinforced our leadership in this space. The introduction of AIA Health Cover strengthened our medical benefit offering, while AIA Future Builder offered customers long-term savings options for the future use of their family.

We strengthened our health and wellness position through the launch of Total Health Solution (THS), accessible through My AIA, with over 24,000 customers enrolled at year end. With My AIA, customers are able to be at their healthiest, helping them live better, stay protected, and get access to various healthcare services.

TDA was also key to the development of tools to support our new programs for agency and distribution. We launched several digital tools to further enable our distribution partners: iRecruit, the platform to support end-to-end recruitment process for Agency Leaders and Advisors; NextGen iPOS, the platform supporting the facilitation of sales with upgrades in accessibility and compatibility; and Content Hub, providing advisors much-needed branded content for their social media assets.

On the partnership distribution side, we leveraged social media to reach 1,000 lives covered through our Facebook Messenger Offer for group voluntary life insurance (GVL). Meanwhile, through the use of My Data, we were able to offer products best suited for our customers' needs, with a shorter timeline for application processing.

We began our transformation efforts to become an Organization of the Future, streamlining our organizational structure to guide our people in forging their career path, as well as making available various learning programs and groups designed to provide opportunities for upskilling.

The AIA Philippines  
Management Team



As we fully embrace the Environmental, Social and Governance (ESG) approach in lieu of Corporate Social Responsibility (CSR), we gained ground on important milestones in Health and Wellness, Green Operations, Sustainable Investment, People and Culture, and Effective Governance. We continued to track our progress in protection, as well as those we help live healthier, through Save Lives and the Healthy Living Index. We also made headway in Sustainable Investment using world-class ESG scoring methodology and focused on green energy investments. The full details of these efforts are disclosed separately in a dedicated report.

Even as the pandemic disrupted normal operations, we continued to care for our people, who continued to work from the safety of their homes for almost seven months last year. We facilitated vaccinations for them and their dependents, as well as our agency force and partners.

With our global alignment now complete, we look forward to going from strength to strength, spurred by the optimistic

prospects for a global recovery, our readiness aided by digital technology, guided by the common goal of long-term sustainability and our focus renewed on our mission of racing against risk.

This would not have been possible without the AIA Philippines family working together as a team. We continue to adapt as the situation demands, and remain dedicated to our mission of protection and health and wellness, now made even more relevant amidst the pandemic.

Thank you, AIA Philippines, for your efforts and hard work. Let us continue to regain our momentum as we gear up for the challenge of the post pandemic normal. Your unrelenting commitment and dedication will help us make 2022 an even Healthier, Longer and Better year for everyone.

**KELVIN ANG**  
Chief Executive Officer



HEALTHIER, LONGER,  
BETTER LIVES

# FINANCIAL HIGHLIGHTS

## REVENUE

First year Ordinary Life (OL) products declined by 34 per cent compared to last year as the impact of the pandemic on new business continued to be felt as frequent lockdowns and containment measures in many locations limited in-person sales activity, particularly in the first half of 2021. Variable Life products declined by 17 per cent compared to last year, aligned with the strategy to shift to regular pay protection products.

## INVESTMENTS

Total invested asset at PHP244 billion, with 7 per cent decline over last year mainly due to market condition which affected the mark to market valuation of financial assets particularly foreign and local bond holdings. There were also maturities during the year in corporate loans held.

## POLICY BENEFITS

Benefits paid to policyholders increased to PHP13.3 billion from last year's PHP11.9 billion, mainly from higher redemptions and claims experience, and increase in pay-outs for maturities.

## NET INCOME

Net income more than doubled this year at PHP12.7 billion, a 131 per cent increase from last year's result mainly driven by foreign exchange (FX) gains from US\$ denominated invested assets coupled with gains from disposals of invested assets.

## SHAREHOLDERS' EQUITY

Shareholders' equity at PHP72.2 billion, a decline of 10 per cent compared to last year, mainly due to the PHP13.9 billion dividend remittance in 2021 and the impact of market value movements in net financial assets as the COVID-19 pandemic continues to pose challenges to global economy.



## BUSINESS REVIEW

### AGENCY DISTRIBUTION

To maintain business momentum despite a challenging year brought about by the COVID-19 pandemic, AIA Philippines bolstered its Agency Distribution (AD) business with various campaigns to spur interest and engagement, focusing on the rollout of more digital tools as sales methods adopted more digital routes. This included various initiatives from recruitment, training academy, Agile workstreams, processes and service delivery improvements.

With the rebranding exercise to AIA Philippines in the second half of 2021, change management plans and re-branding alignment both locally and with the AIA Group office were conducted to make the brand transition a smooth one for the agency and its customers.

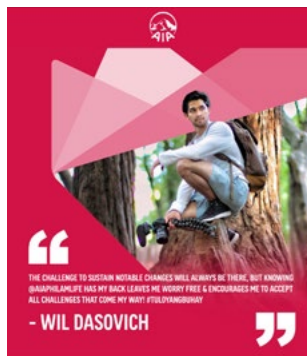
In 2021, AD advanced its ongoing Agency Digitalization and Transformation initiative with the launch of iRecruit, significantly improving the agency's end-to-end recruitment process. This tool allowed agency leaders and recruiters to track the recruitment, conversion and licensing progress of their leads, elevating it to a purely digital process. It also became a point of attraction when recruiting potential agents to be part of the Company's highly digitally-enabled agency force.

While AIA Philippines deployed its digital point-of-sale tool for the agency force much earlier, there were some challenges in its deployment. The Next Gen iPoS was launched to address these limitations. This is an upgraded version of the current platform and supports all digital devices, and can be launched and operated through a web browser. With the platform-agnostic approach, iPoS has become more accessible and increased sales opportunities for the agents.

Another digital innovation launched within the year was the Content Hub. This platform provides advisors access to hundreds of curated marketing content that can be shared on their social media platforms to spark interest among their network, and to generate possible leads that can contribute to sales conversion.

Accompanying these enhancements are improvements in agency operations support. AD embarked on exercises to streamline the licensing processes by implementing a robust maker-checker approach and going through a Business Process Transformation initiative which shortened the exam registration, licensing, and coding process while ensuring accuracy in data processing. This enabled the activation of

01



#### Wil Dasovich's testimonial

What change are you challenging yourself to make so you can live a Healthier, Longer, Better Life this 2021? Here's one from Wil Dasovich!

Share it to me because I got your back too! If you're interested how I can help, sign-up below.



Most Popular Newest Filter

Sign up para sa LIBRENG COVID-19 coverage!  
 2021-07-05

Protectahan ang iyong sarili para sa 'yong pamilya. Sign up na LIBRENG COVID-19 coverage!

- New Leads & Prospects Campaigns
- Married with Kids
- Retirees
- Empty Nesters
- Married without Kids
- Young Professional

Shared from: [Social media icons]

02



01

Content Hub was launched to Agency Distribution. Content Hub is the platform where advisors can access hundreds of curated content that they can use in their social media assets.

02

iRecruit was launched in early 2021, providing agency leaders and recruiters the support they need to facilitate the recruitment process.

new agents in less than half the time to get them sales-ready in the field.

Year-round upskilling trainings to hone the knowledge and skills of its sales force were conducted to maintain a high level of quality service across the agency force. This was enabled by the Learning Management System (LMS) platform, which is capable of offering 100% of courses online. The trainings ensured that while sales skills are improved, proper governance framework was also observed when conducting business with customers. A microlearning approach was adopted, with livestream capabilities for agency members, which made learning specific insurance concepts more efficient and convenient.



In the future, AIA Philippines will leverage on its Transformation, Digital and Analytics (TDA) strategy, with a strong agency-centric focus across all business functions of Recruitment, Activation, and Leadership Promotion, which remain the foundation for agency growth and better activity management.

## **CORPORATE SOLUTIONS**

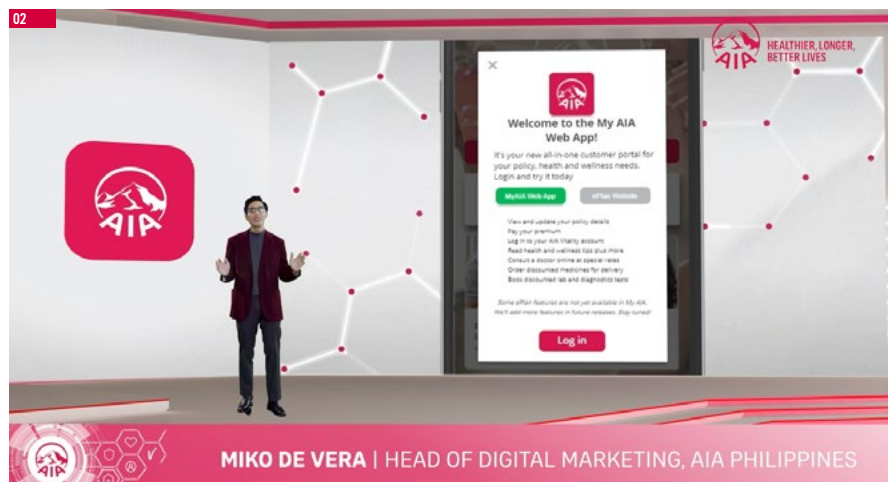
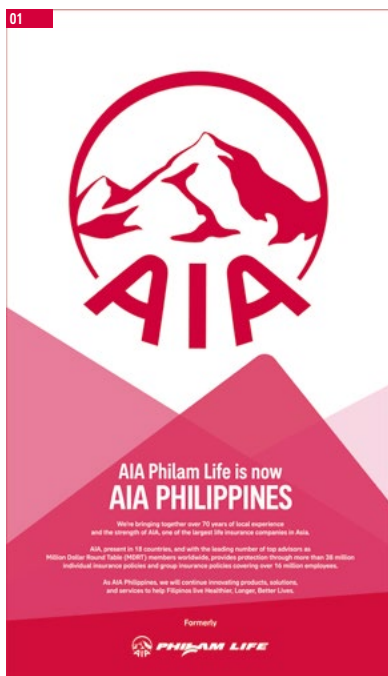
Corporate Solutions managed to keep a “business as usual status” and adapted to the work-from-home arrangement. With the thrust of continuously improving its services, Corporate Solutions adopted digital platforms to boost employee benefits solutions under its ecosystem and satisfy the demand of its corporate clientele.

With its successful implementation of changes in the group medical space, Corporate Solutions achieved over 100% of its target on Operating Profit Before Taxes (OPBT). It also posted a noteworthy double-digit increase on Value of New Business (VoNB) while achieving almost 80% of its Employee Benefits (EB) target. This performance is a reflection of its relentless

pursuit of multinational-company accounts by the Direct Channel, its partnership with one of the leading health maintenance organization (HMO) companies in the Philippines, and the aggressive growth of active agency advisors targeting individual voluntary solutions and small and medium enterprise (SME) markets.

BPI AIA, one of the strong pillars of Corporate Solutions, contributed to the boost of EB as it focused on renewal growth on existing accounts and group voluntary program for BPI employees thru a Facebook Messenger campaign. The up-scale of BPI AIA’s Credit Life (CL) model contributed to more than 100% growth to their CL OPBT. This while achieving a double-digit increase against last year’s CL VoNB figures due to higher remittance from One BPI and efforts to write off documentary deficiency cases.

Corporate Solutions was able to end the year with over PHP2 billion in Total Weighted Premium Income (combined AIA Philippines and BPI AIA), more than 4,000 policies in force, and almost one million group insured members.



01 AIA Philam Life announces its rebrand to AIA Philippines in August 2021.

02 AIA Philippines introduces My AIA to the tech and lifestyle media in an online event.

03 AIA Life Hackers holds its second online hackfest with almost 1,200 participants on its third year.

## MARKETING

### INTEGRATED MARKETING COMMUNICATIONS

2021 proved to be a big year for branding with the rebrand to AIA Philippines of AIA Philam Life.

In August, AIA Philippines officially announced this change, fully embracing the brand name of AIA Group.

While times have changed, the company's mission of racing against risk to protect Filipino families has not. Through the decades, AIA Philippines has been a strong partner of Filipinos to protect themselves and prepare for life's uncertainties. And now, as the company takes the last step in embracing its heritage, AIA Philippines focuses on the fulfillment of its Purpose of helping people live Healthier, Longer, Better Lives.

The rebrand to AIA Philippines was followed by a quick succession of branding initiatives that further strengthened its alignment with its parent company, solidifying its position as a global and dynamic brand, continuously evolving to serve the ever-changing needs of its customers.

October saw the launch of Total Health Solution, AIA Philippines' ecosystem accessible through a single touchpoint platform that allows customers to access all of its services that can help them Live Better, Protect Better and Get Better.

This was launched to the media with an online event featuring AIA Philippines Brand Ambassadors Gary Valenciano, Solenn Heussaff, Nico Bolzico, Wil Dasovich, and Paolo Valenciano.

Continuing the health and wellness story of AIA Philippines was the introduction of the My AIA platform to the tech and lifestyle media in November. My AIA is the integrated platform where AIA Philippines customers can access the Total Health Solution ecosystem to help them live healthier in just a few taps.

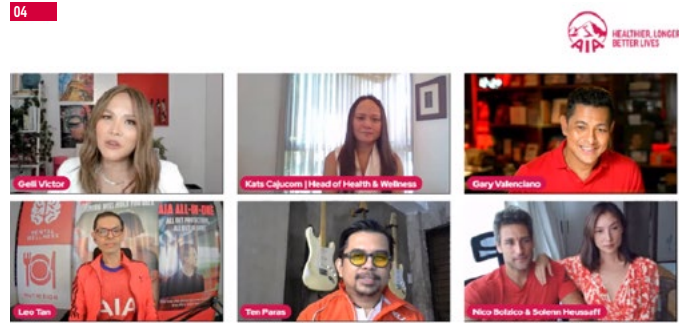
Alongside sharing this latest innovation for customers was the update on the other technology, digital, and analytics initiatives of the company. This is proof of AIA Philippines' commitment to using technology to fast-track its internal transformation and be better-positioned for the future as it embraces its global capabilities, aspiring to lead in the TDA space within the life insurance industry.

Within a matter of weeks, the journey to leading in the TDA space continued, with AIA Life Hackers 2021. Now on its third year, AIA Life Hackers 2021 is the channel through which AIA Philippines creates a meaningful connection with the youth, challenging their young minds to solve the problem statement "How can we stay one step ahead as AIA Philippines to ensure that we are able to fulfill our promise of helping Filipinos live Healthier, Longer, Better Lives?"

With almost 1,200 contestants from schools all over the Philippines generating over 200 entries, and over a hundred employees and partners of AIA Philippines participating, AIA Life Hackers 2021 was a successful event that surpassed expectations.

The year was concluded in mid-December with the Live Better Expo, the company's experiential platform which promotes protection, health and wellness among Filipinos.





**04** With the launch Total Health Solution, AIA Philippines helps customers Live Better, Protect Better and Get Better.

**05** AIA Health Cover is a peso-dominated variable life insurance product that provides all-around health and critical illness protection so customers can focus on caring for their loved ones.

**06** AIA Future Builder is a variable life peso-dominated insurance plan that helps customers grow their savings, giving them the confidence to achieve financial stability, as it encourages them to live a healthier lifestyle.

While the pandemic continues to pose a challenge to the traditional ways of conducting marketing initiatives, digital and online have become the alternative platforms through which AIA Philippines continued to create awareness and drive its messaging on protection, health and wellness.

**PRODUCTS**

The Filipino's bravery and hope for better days ahead became the foundation for AIA Philippines's product portfolio for the year, and served as the inspiration for new products that will help Filipinos live Healthier, Longer, Better Lives.

Late 2020 saw the successful launch of AIA Elite Funds, which gave customers access to new funds and global investments. It performed well throughout 2021 and laid the groundwork from which AIA Philippines strengthened its portfolio with the launch of investment-linked products. And while there was less focus on traditional protection products, the Company remained a key player in the business of saving lives. Protection remained at the heart of product development with the launch of a new health and protection product, AIA Health Cover.

**AIA Health Cover** is a peso-dominated variable life insurance

product that provides all-around health and critical illness protection so customers can focus on caring for their loved ones. The product takes care of health and protection worries through its coverage of major and minor critical illnesses and a daily hospitalization income. The product is also powered by AIA Vitality, AIA Philippines' science-backed health and wellness program that gives additional coverage to the policy with the customers' optimal health status.

AIA Health Cover is one of the initial products of AIA Philippines that also provides the opportunity to grow savings via its investment-linked capability. Customers are not only protecting their health but their finances as well, allowing them to have better control of their lives.

The strong performance of AIA Elite Funds and the Company's continued expansion of its portfolio gave birth to AIA Future Builder, AIA Philippines' innovative savings solution.

**AIA Future Builder** is a variable life, peso-dominated insurance plan that maximizes customers' savings potential by diversifying their investments in expertly managed funds. It helps grow savings, gives confidence to reach financial stability, and promotes a healthier life. On top of access to the

diverse fund portfolio, AIA Future Builder also has a Loyalty Bonus feature that gives additional units in the account value of the investment. Moreover, the product's AIA Vitality integration gives an additional loyalty bonus that can go up to 100 per cent of the annual premium.

The commitment to save lives also led to the launch of **Free COVID Cover** in response to the protection needs of Filipinos during the pandemic. This product offers coverage for COVID-related deaths and adverse side-effects due to COVID vaccination. This initiative proved to be very relevant to Filipinos as seen in the high uptake of registrations to the free offer.

The combination of the best performing investment funds and having protection at the core of the products developed in 2021 leads to the natural progression into long-term savings, opening the door to more innovative propositions tailored to help Filipinos achieve their financial goals and support them in their journey towards Healthier, Longer, Better Lives.

**HEALTH AND WELLNESS**

To further solidify the competitive advantage of AIA Philippines and deliver its promise of helping people live healthier, longer, better lives, part of the strategic priorities of Health and Wellness were to introduce compelling propositions anchored on health and wellness and to provide leading customer experience through the development of an integrated, innovative platform where customers can access everything they need.

The first half of 2021 focused on setting the groundwork of onboarding strategic partners and developing the Company's proprietary digital platform, My AIA. An agile approach was employed in the introduction and build of the health solutions, AIA Vitality and policy services, with the pilot launch in August, and the segmented launch targeting existing customers in September, and the public launch in November.

With AIA Philippines' strong focus on health and wellness, the Company aims to be the leading provider of personalized and integrated advice and solutions to become its customers' most trusted life partner at every stage of the journey, and ultimately, help them live Healthier, Longer, Better Lives.

The Company's health and wellness strategy goes beyond AIA Vitality as it offers a Total Health Solution to its customers. This is operationalized through the Predict/Prevent, Protect, Diagnose, Treat, and Recover (PPDTR) framework. Within this spectrum, AIA Vitality remains as the core engagement chassis to encourage positive behavior change supporting the Predict/Prevent pillars. At the same time, Protection products continue to be developed to fulfill the Company's mission of racing against risk to protect every Filipino while expanding the services offered to support customers when diagnosed with an illness, if they need treatment, and until they fully recover.

To provide the Diagnosis-Treatment-Recovery suite of services, a partnership was formed with eZConsult under Zuellig Pharma, one of the renowned pharmaceutical companies in



**VIRTUAL CLINIC/TELEMEDICINE (LIVE)**  
1 free consult per calendar year;  
GP: 400/consult  
Specialists: 5%-10% discount



**LABORATORY REQUESTS (LIVE)**  
5% discount on select Hi-Precision lab and diagnostic tests



**MEDICINE ORDER AND DELIVERY (LIVE)**  
Access to service



**SYMPTOM CHECKER & AI TRIAGING (LIVE)**  
Access to service free of charge



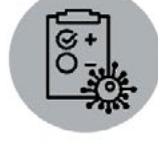
**PREFERENTIAL RATES FOR CANCER MEDICINES (COMING SOON)**  
Special prices for patients that meet eligibility criteria (will only be offered to clients with cancer claims)



**DISCOUNTED VACCINATIONS (COMING SOON)**  
10% off vaccination products and services



**DISCOUNTED MEDICINES (NON-CANCER) (COMING SOON)**  
Special discounts for select Watsons products



**COVID-19 TESTING (LIVE)**  
5% off normal COVID-19 PCR test rate via eZSafe





the country. The new health solutions are available without additional premium or membership fee to all customers who have an in-force policy with AIA Philippines, with preferential rates for the initial suite of services.

**AIA VITALITY**

The onset of the pandemic disrupted AIA Philippines’ record-breaking engagement rate in early 2020 was disrupted by the onset of the pandemic and sent it on a downtrend in 2021. To reverse this, an agile, more robust engagement game plan was implemented to accelerate recovery. The new strategy took into account the drastic shift in consumer behavior and lifestyle brought about by prolonged lockdown restrictions and an unprecedented digital transformation.

Leveraging on the yearly program refresh offering, the annual refresh campaign took into consideration the challenges of the new normal in terms of health journey—limited mobility, decreased motivation and fewer avenues to stay healthy. The campaign mainly focused on initiatives that optimized virtual channels to drive engagement, as well as the value of partnerships to promote financial sustainability of the program. To drive sustained engagement, it underscored the value proposition of AIA Vitality in addressing the shift in customer behavior and evolving preferences, and included initiatives such as new benefits, enhanced tiered benefits for Silver to Platinum members, new points-earning activities, change in active rewards structure and more.

Alongside the annual refresh, it was paramount to deliver a delightful customer experience consistent across the region using a singular, stable and high-performing user interface. Thus, the singular platform of AIA Vitality was implemented to integrate the three current platforms (one website, two applications) into one, making the new AIA Vitality application relatively quick to implement and maintain. With the new AIA Vitality app features, the program became easier to use and encouraged better engagement. In over seven months from launch, almost 40% of members have migrated to the new app.

**INVESTMENTS**

The financial markets experienced considerable headwinds as the pandemic environment continued to constrain overall economic activity. While market conditions across various asset classes remained volatile, pockets of opportunities were identified to enhance the performance of AIA Philippines’ investment portfolios, comprised mainly of fixed income, equity, and real estate assets. Investment strategies seeking duration extension or yield enhancement outcomes, and incorporating the utilization of derivatives, and geographic diversification were employed to achieve sustainable long-term returns.,

Maintaining high asset quality levels remains to be a cornerstone in the investment decision-making process, and 2021 saw further improvements in the Environmental, Social, and Governance (ESG) aspects of credit and equity research. These include the use of proprietary ESG methodologies to

review fixed income and equity investments, the development of an ESG rating scorecard to quantify the evaluation of the relevant ESG risks and opportunities of investee companies, and the continuous training and development of the research analysts. The ESG rating scorecard is being implemented across the AIA Group, with completion expected during the course of 2022.

Further on ESG, the divestment of fixed income and equity investments held in the General Account that were assessed as non-compliant to the enhanced requirements of the AIA Group ESG Standard was completed. While the full benefits of this exercise are expected to be realized over a longer-term horizon, near-term portfolio outperformance has already been observed.

Improvements in policies, processes, and procedures in all areas of investment operations were implemented, with particular focus on strengthening risk, compliance, and sustainable investment. All these are in accordance with the requirements of the AIA Group Investment Governance Framework (IGF). The IGF serves as the foundation supporting the operations of investment teams across the AIA Group, and evolves continually to adapt to a dynamic market environment and remain consistent with global best practice.

Support to the various distribution channels continues to be provided, through the conduct of periodic economic updates and regular delivery of market commentaries.

In addition, crafting investment solutions to support the product development process is provided on an ongoing basis. In late 2020, the collaboration with AIA Group's Singapore-based asset management company, AIA Investment Management Private Limited, led to AIA Philippines introducing the AIA Elite Funds. These funds gave customers the opportunity to access global fixed income and equity markets and widen the suite of options available for investment to further aid customers in achieving their long-term financial goals.

## **REAL ESTATE**

The COVID-19 pandemic heavily affected construction activity and the real estate market in general. This did not deter AIA Philippines from embarking on a transformation project to adapt the head office to the changes in work environment brought about by the pandemic, and help the company transform the office facilities into spaces that promote a collaborative and agile workplace. By midyear, the renovation was completed.

Throughout the year, renovations continued at other properties owned by AIA Philippines. In March, the renovation of the customer service center and agency offices in Binondo, Manila was completed.

The year also saw major upgrades to the air-conditioning system of the AIA Philippines building in Alabang, Muntinlupa City and the lobby of the AIA building in Salcedo Village, Makati City. To ensure the structural integrity of the owned buildings and in compliance with current national building codes, structural assessment was implemented, followed by corresponding retrofitting works for the flagship property of AIA Philippines, Philam Life Tower, as well as a number of other properties in the provinces.

Streamlining the company's real estate assets continued, along with the divestment of properties that no longer serve the needs of the insurance business and in line with the review and rationalization of AIA Philippines' real estate portfolio.

## **CUSTOMER OPERATIONS**

In 2021, AIA Philippines remained true to its commitment to keep customers protected, even as challenges and uncertainties persist from the COVID-19 pandemic. Customer Operations recognizes that through the help of technology, digital, and analytics (TDA), the Company will be able to deliver customer experience (CX) that is relevant and helpful to its customers, supportive of their varied goals, and able to address their protection and financial security needs.

Customer Operations braced for the year's challenges by reimagining CX-focused journeys and identifying opportunities to improve service delivery. The First-Contact Resolution ability was expanded to provide faster and more reliable service at the first point of contact, and become more attentive and responsive to underscore how customers are at the heart of the business.

Staying true to being customer-focused with the digital-first approach, the platforms that are preferred and most used were refined and made more accessible. Filing claims was made easier through 24/7 Claims, with added notifications and a tracking number. Equally important was making it easier for customers to have continued protection through updated policy details and payments. Updating of contact information, setting benefit payout options and electronic payment, including auto charging and using debit/credit cards were also made available through the corporate website.

Customer validations and sprints continued throughout the year, providing invaluable information that enabled Customer Operations to launch a CX-centric platform with My AIA. This integrated policy-servicing features, Health and Wellness solutions, and the new Vitality app, and delivered a simpler, all-in-one helpful digital experience at the customer's fingertips. Through My AIA, AIA Philippines fully demonstrated its total value proposition of providing customers with a Total Health Solution to help them live better.

Equally important is reinforcing to customers the value of staying protected, especially in the middle of a pandemic. To do this, they were kept engaged by sustaining and incentivizing vital behaviors through flexible and customizable rewards and relevant, personalized and comprehensive nurturing communications.

Despite the uncertainties brought by the pandemic, Customer Operations was able to deliver on its commitment, and remained steadfast in fulfilling the Company's purpose of racing against risk to protect every Filipino. This was enabled by technology, and the support of distribution partners and other stakeholders.

Customer Operations will continue to transform servicing processes by utilizing relevant digital technologies. It will remain focused on building customer-centric solutions that will yield a seamless and convenient experience, while strengthening and optimizing customer engagement. The end goal is for AIA Philippines to become an intrinsic enabler that will help customers achieve their goals and empower them to live Healthier, Longer and Better Lives.

## INFORMATION TECHNOLOGY

In pursuit of AIA Philippines' digital transformation journey, Information Technology (IT) focused on the digital enablement of the Company's distribution channels and customer experience under the AIA technology, digital and analytics (TDA) program.

The year commenced with the implementation of Glory, the Company's new distribution management system. Glory is a comprehensive, dynamic, and cloud-based system which provides an efficient management of agency hierarchy, compensation, and benefits. It allows the agency channel to easily adapt to fast-changing market trends and business requirements.

To further expand the digital enablement of the agency channel, iRecruit and Content Hub were launched. iRecruit is an end-to-end digital recruitment tool which fully integrates contract creation with other internal platforms such as the Learning Management System and Glory. Content Hub, on the other hand, is an agency marketing tool that provides marketing materials easily shareable in the agents' social media accounts.

As part of the overall Digital Assisted Journey, Data Driven Underwriting (DDUW) was enabled to support the Bank Sales Executives of Partnership Distribution. Through DDUW, customer data is utilized to simplify the buy journey and underwriting process. Partnership Distribution's onboarding and enablement support of its new partners were also



**01** My AIA, AIA Philippines customer experience-centric platform, integrates policy servicing features, Health and Wellness solutions, and the new Vitality app, supporting the delivery of a simpler, all-in-one helpful digital experience at the customer's fingertips.



**02** The NextGen iPOS is launched, addressing limitations on availability and accessibility. iPOS is the digital platform supporting the distribution channels in facilitating sales transactions.

reinforced. Various digital projects to achieve a fully digital-led journey with the integration of ecosystems between partners and AIA Philippines were also implemented.

With customer experience as one of the focus areas of the Company, My AIA, its latest customer-facing platform, was launched in the third quarter. My AIA is slated to increase adoption and self-service utilization through increased straight-through processing of transactions, expand coverage to include Health and Wellness partner services, and improve overall customer experience on desktop and mobile facilities.

In the last quarter of the year, the focus was on evolving the pioneering interactive point-of-sale system (iPOS 1.0) with the release of NextGen iPOS under the agency channel. NextGen iPOS seeks to accelerate the Company's sustained growth by providing advisors with the tools they need. It is poised to address the original iPOS limitations on availability (being at offline mode only) and accessibility (being exclusively used through iOS-based tablets only). NextGen iPOS also presents an online mode with real-time-based features to expedite transaction processing. While it may continue to work solely on iOS, accessibility is enhanced with the availability of a fully functional web-based and smartphone-optimized version.

AIA Philippines will continue to drive its digital transformation journey with IT at the helm of various modernization strategies in the areas of Cloud, Application Modernization, Analytics and Data Maturity, and Data Governance, among others. The adoption of state-of-the-art technologies, frameworks, and methodologies remain as priorities for IT to enable and boost business growth, cost efficiency, speed-to-market, innovation, customer experience, and overall market leadership.



## OUR PEOPLE

### “I grow professionally and personally during my time in AIA Philippines.”

AIA Philippines' culture is shaped by leaders who embrace the three Leadership Essentials: Clarity, Courage, and Humanity. Leaders should (a) possess clarity of vision, purpose and business direction, (b) demonstrate courage in their actions, and (c) consider the human element in everything they do because insurance is a people business.

When these elements are brought to life every day, AIA Philippines employees exhibit a high-performance culture that shows care and respect for its people.

AIA Philippines subscribes to a comprehensive and holistic development in the belief that each employee can make a difference. The Company's holistic development opportunities ensure a proportionate way for employees to make the best out of their learning journey.

### LEARNING FROM EXPERIENCE

The best learning opportunities come from providing employees on-the-job experience such as experiential learning, new project exposure, and job rotation and mobility to broaden their perspective and support their career aspirations.

### LEARNING FROM OTHERS

Peer learning is an effective way for employees to learn from others. Coaching is a critical aspect of managers' development of their teams. In addition, conferences, company events, networking opportunities, and regular team meetings can be venues where they can share their thoughts and suggestions, creating a natural setting for peer learning. Aside from Coaching, other development activities such as Mentoring and Reverse Mentoring are currently facilitated by HR to give employees the opportunities to learn from other leaders and experts within the Company.

### STRUCTURED LEARNING

Workshops, eLearning courses, certifications, and training programs can help bridge the gap in skills and capabilities. HR has invested in providing different online learning platforms that make learning accessible and contribute to the overall development of employees.

AIA Philippines has an array of Core Programs that address the needs of different segments of the employee workforce, targeted for Individual Contributors, People Managers, and Senior Leaders in the Company. Below are the programs implemented to support the different developmental needs of its employees:

**Learning from experience**

- Action learning and problem solving
- Mobility opportunities
- Projects and special assignments
- Shadowing, self-directed and incidental learning
- Social projects

**Structured learning**

- Workshops
- Webinars
- Digital learning
- Traditional facilitator-led classroom training
- Formal coaching

**Learning from others**

- Subject matter networks
- Collaboration platforms
- Coaching
- Mentoring
- Reverse mentoring
- Feedback

**2021 AIA Philippines Employee Demographics**, by employee category, region, and gender

	FEMALE		MALE		GRAND TOTAL	
	Number	Percentage	Number	Percentage	Number	Percentage
<b>BY EMPLOYEE CATEGORY</b>						
Senior Management	32	1%	20	1%	52	2%
Middle Management	135	5%	87	4%	222	9%
Junior Supervisory	4	0.16%	3	0.12%	7	0.28%
Individual Contributor (CCB4)	676	27%	309	13%	985	40%
Individual Contributor (CCB5-6)	144	6%	114	5%	258	10%
Individual Contributor (CCB7-up)	3	0.12%	3	0.12%	6	0.24%
Employee (Rank & File) (Union, CCB1-3)	648	26%	284	12%	932	38%
<b>GRAND TOTAL</b>	<b>1642</b>	<b>67%</b>	<b>820</b>	<b>33%</b>	<b>2462</b>	<b>100%</b>
<b>BY REGION</b>						
Luzon	1453	59%	726	29%	2179	89%
Mindanao	74	3%	47	2%	121	5%
Visayas	115	5%	47	2%	162	7%
<b>GRAND TOTAL</b>	<b>1642</b>	<b>67%</b>	<b>820</b>	<b>33%</b>	<b>2462</b>	<b>100%</b>

**New Employee Orientation Online Course**

An online course designed for all new joiners to understand the Company's Vision, Mission, and Strategic Priorities, including other employee essentials that are unique to working in AIA Philippines and how these contribute to the Company's overall mission.

**Your Role in Safeguarding AIA's Interest**

An eLearning course that increases the employee's awareness of critical regulatory issues and conduct that are key to preserving the brand image, reputation, and transparency of the Company.

**Performance Development Dialogue Series**

A virtual session that provides clarity on employee expectations and the progress made to help them become aware of how they contribute to the Company's shared success.

**Life Office Management Association (LOMA)**

An international trade association for the insurance and financial services industry that provides globally recognized educational resources and products that illuminate new ideas and ignite potential. It helps career advancement and performance development by building a deeper understanding of the best practices in the insurance business.

**Leadership Pitstop**

Monthly learning activity for all managers, Mancom, and Exco members of AIA Philippines focusing on different topics not only relevant to the business strategies but also to the industry.

**Enterprise Leadership Program**

An executive development program that is designed to help the senior leadership team embrace the AIA Operating Principles and Leadership Essentials, as well as achieve the Company's ambitions.

**LinkedIn Learning through Workday Learning**

Anchored on Workday, HR's software system, are online learning courses accessible to employees anytime, anywhere through their desktop computer, laptop or mobile phones. More than 16,000 LinkedIn Learning courses are made available to provide different materials on creative, business, and management to address different learning needs of employees.

**Udemy for Business**

An online platform specifically designed for employees with technical development needs as they work on different projects related to technology, digital, and analytics. Employees can earn online certifications and short courses coming from reputable institutions and subject matter experts.

AIA Philippines regularly updates its employees about various learning and development opportunities through numerous internal communications channels. The Company values its people and is committed to help them develop their skills and capabilities to succeed in their role as they achieve personal and professional growth.



### PROMOTING HEALTH AND WELL-BEING

AIA Philippines has its own health and wellness program that allows employees to take charge of their health and help them lead a healthier lifestyle.

AIA Vitality is the cornerstone of the health and wellness program of the Company. Employees are encouraged to lead a healthier lifestyle so they can live better and get more out of life. Initiatives that encourage and motivate employees in their journey towards wellness in a fun and collaborative way are also implemented to help them sustain a healthy lifestyle.

Wellness-related benefits, activities, and webinars on topics such as Mental Health focused on Resilience and Empowerment in times of Uncertainty, Self-care in the time of COVID-19, and Recognizing Mental Health Problems: Introduction to First Aid, Coping, and When to Seek Help, and Fun O’Clock were made available to employees. All activities were anchored on further promoting health and wellness, productivity, engagement, and a culture of collaboration within AIA Philippines.

### REWARDING PERFORMANCE

AIA Philippines provides a dynamic work environment that encourages employees to bring their best to work each day. In return, the Company offers a Total Reward program including growth opportunities and a comprehensive package of pay and benefits which aims to give employees the choice and flexibility to meet their individual needs.

AIA Philippines’s Reward Philosophy is built on the principle of providing an equitable, motivating, and market-competitive total remuneration package that fosters a strong performance-oriented culture. Its strong pay-for-performance culture is aligned with AIA Group’s Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the results will come.” It aims to ensure that individual rewards and incentives relate directly to the individual’s performance, the function in which they work, and the overall performance of the business.

The Employee Share Purchase Plan (ESPP) is another important element of the Total Reward program which offers a convenient and attractive means for employees to further benefit from the Company’s future success through its one-for-two share matching.

### PHILAM FOUNDATION

In 2021, Philam Foundation, Inc (PFI) began its transition for full integration into AIA Philippines, and evolution into the ESG-CSR Team, under the Marketing department.

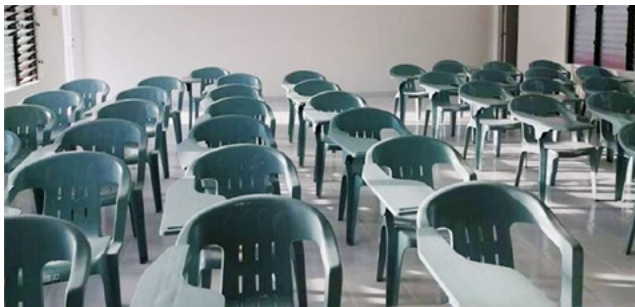
As the Foundation wound down its operations, two of its programs — the Alliance for the Philippines’ Health and Advocacy (ALPHA) and My Peso and I — will continue under ESG-CSR. ALPHA is a health-based consortium between Philam Foundation, Inc., the Philippine College of Surgeons, and the Philippine College of Physicians, while My Peso and I is its financial literacy program for college students. Frontliners’ Inclusive Risk Safety neT (FIRST), the Foundation’s program created in 2020 in response to the pandemic, was concluded in 2021 and was recognized as the Insurance Initiative of the Year at the Insurance Asia Awards 2021. Meanwhile, Philam Paaralan, its ten-year-old school building program, concluded operations in December 2021.

### PHILAM PAARALAN

Philam Paaralan was the longest-running program of the Foundation, helping the government build furnished classrooms in calamity-stricken, underserved and unserved areas in the country. Through its strong partnership with international and local stakeholders, PFI was able to build 263 classrooms in 66 provinces, benefitting 109 schools and an estimated 50,000 students nationwide.

#### List of Provinces

Apayao	Davao Oriental	Nueva Vizcaya
Agusan del Sur	Eastern Samar	Occidental Mindoro
Aklan	Guimaras	Oriental Mindoro
Albay	Ifugao	Palawan del Norte
Antique	Ilocos Norte	Palawan del Sur
Aurora	Ilocos Sur	Palawan Oriental
Basilan	Iloilo	Pampanga
Batanes	Isabela	Pangasinan
Batangas	Kalinga	Quezon
Benguet	La Union	Quirino
Biliran	Laguna	Rizal
Bohol	Lanao del Norte	Romblon
Bukidnon	Lanao del Sur	Siquijor
Bulacan	Leyte	Sorsogon
Cagayan	Maguindanao	South Cotabato
Camarines Norte	Marinduque	Sultan Kudarat
Camarines Sur	Masbate	Surigao del Norte
Camiguin	Misamis Oriental	Zambales
Capiz	Negros Occidental	Zamboanga del Norte
Catanduanes	Negros Oriental	Zamboanga del Sur
Cebu	North Cotabato	Zamboanga
Compostela Valley	Northern Samar	Sibugay
Davao del Sur	Nueva Ecija	



- List of Partners**
- ABS-CBN
  - Angat-Buhay Program of the Office of the Vice President
  - AY Foundation
  - Banatao Foundation
  - BPI Foundation
  - Champ Cargosystems
  - DOLE Philippines Stanfilco Division
  - Eagle Cement
  - Embassy of Japan
  - ENFID
  - Give2Asia
  - Globe Business
  - Happy Hearts Fund
  - Isla Lipana
  - Jollibee Group Foundation
  - Kasilak Development Foundation
  - LBC Foundation
  - Lisa Yuchengco - PIA
  - Mano Amiga Academy
  - MDRT Foundation, AIA Philam Life ASG & Premier Agency, Watt Samakki-Dhammikaram, Inc. & Philippine American Cultural Foundation
  - National Museum
  - Nina Solomon
  - Philippine Football Federation
  - Philippine International Aid
  - Philippines-Luxembourg Society
  - PSE Foundation
  - Rotary Club of San Juan
  - Team Energy Foundation
  - Tito Yuchengco
  - US Philippine Society
  - World Vision
  - Yuchengco Sisters of Late Amb. Alfonso Yuchengco

**PERSONAL FINANCE 101: MY PESO AND I**  
 My Peso and I is a three-unit tertiary level curriculum on basic financial education for college students. The program's objective is to equip these students with relevant financial management skills through a systems approach, creating a culture of financial literacy and wellness in the process. With



**01**  
 Turnover Ceremony at Cabengbeng Elementary School in Sumisip, Basilan held on 16 June 2021. AY Foundation was the partner of Philam Foundation in this project.

**02**  
 My Peso and I is an initiative developed in collaboration with its institutional partners BPI Foundation, Bangko Sentral ng Pilipinas, Commission on Higher Education, Insurance Commission, Pambansang Pangasiwaan sa Kabuhayan at Pagpapaunlad, Philippine Deposit Insurance Corporation, Securities and Exchange Commission

the support of regulators from the financial services industry, Bangko Sentral ng Pilipinas, Insurance Commission, National Economic Development Authority, Securities and Exchange Commission, Philippine Deposit Insurance Corporation and the Commission on Higher Education, the program is expected to help the industry build financial literacy capability among Filipinos.

Since PFI will cease to exist as an entity by December 2021, the program implementation will be transferred to BPI Foundation, with AIA Philippines remaining as part of the Technical Working Group.

My Peso and I was recognized twice in 2021, first by the Insurance Asia Awards for Financial Education Initiative of the Year, and second as a finalist in the League of Corporate Foundations Guild Awards.

**ALPHA**  
 This year, despite the pandemic, ALPHA focused on supporting cancer advocacy activities as well as enhancing the quality of gathered data under the hospital-based cancer registry program.

ALPHA supported 12 Multidisciplinary Tumor Board Conferences, two webinars on cancer, and the mid-year convention of the Philippine College of Surgeons (PCS)-Cancer Commission. These were attended by hundreds of surgeons affiliated with the PCS and fellows interested in the latest developments in the field of oncology.



**03**  
BPI AIA also announced its rebrand, in alignment with the rebrand to AIA Philippines.

**04**  
BPI AIA uses MyData to simplify the customer journey, resulting in easier and faster applications.

**05**  
The free COVID-19 life insurance coverage offer was extended to 2021, with over 34,000 lives covered.



### BPI-PHILAM LIFE ASSURANCE CORPORATION

BPI AIA Life Assurance Corporation, formerly known as BPI-Philam, launched its new identity to the public in September 2021, ushering in a new era for the joint venture of AIA Philippines and the Bank of the Philippine Islands (BPI).

2021 witnessed the introduction of the Agile Ways of Working, resulting in having simple insurance products available through Facebook Messenger, and My Data, an integrated journey between BPI and BPI AIA. With My Data, the customers' information is used to simplify their journey with an easier and faster application.

Present in over 1,100 local BPI and BPI Family Savings Bank branches, BPI AIA's salesforce continued to grow alongside the expansion of its bank partner's branch network. At present, BPI AIA bancassurance sales executives (BSEs) have grown to nearly 1,300 nationwide, providing both employment opportunities and affordable, accessible, and personalized life insurance to Filipinos.

The free COVID-19 Life Insurance Coverage program launched in 2020 was extended, ensuring more customers are protected as the pandemic continued. Customers were provided with a PHP200,000 life insurance coverage for three months, resulting in over 34,000 lives covered for the year.

BPI AIA continued to be one of the leading bancassurance companies in the country, recognized as the "Best Life Insurance Company in the Philippines" by the World Finance Magazine for the fifth year in a row.

**05**

**LAST DAY TO GET THIS AFFORDABLE PROTECTION**  
Exclusive for BPI Unibankers

Secure you and your family's protection before it's too late.

With Group Voluntary Life Insurance (GVLI), you can get easy access to affordable protection and enjoy the following benefits

- ☂ P2,000,000 Life Insurance Coverage
- ✖ P2,000,000 Accident Protection
- ✚ P1,000 Daily Hospital Income Benefit

**BUY NOW**

Scan the QR code or click the button to get enhanced protection today!

### AIAIM PH / PHILAM ASSET MANAGEMENT, INC.

AIA Investment Management and Trust Corporation Philippines (AIAIM PH) / Philam Asset Management, Inc. (PAMI) is a wholly owned company of AIA Philippines. Established in 1971, PAMI is one of the largest asset and wealth managers in the local mutual fund industry, with more than PHP68.5 billion assets under management as of December 2019. Along with the nine retail mutual funds (Philam Managed Income Fund, Philam Bond Fund, PAMI Global Bond Fund, Philam Dollar Bond Fund, Philam Fund, PAMI Asia Balanced Fund, PAMI Horizon Fund, PAMI Equity Index Fund and Philam Strategic Growth Fund), PAMI also managed the underlying funds of select AIA Philippines and Citi-AIA VUL products.

On 29 January 2020, PAMI and BPI Investment Management Inc. (BIMI) executed an agreement to assign all rights, interests, and obligations as fund manager, advisor, distributor, and transfer agent of the Fund Companies to BIMI. PAMI, in the meantime, concentrated on its transition into a Trust Corporation that will serve the insurance business needs of AIA Philippines, aligned with its focus on protection and wellness to help Filipinos live Healthier, Longer and Better Lives.

In 2021, the Securities and Exchange Commission approved the application of PAMI to change its name to AIA Investment Management and Trust Corporation Philippines.

OUR MANAGEMENT TEAM



**KELVIN ANG**  
Chief Executive Officer



**MARGARITA LOPEZ**  
Chief Operations Officer



**LEO TAN**  
Chief Marketing Officer



**EMMANUEL MENDOZA**  
Chief Technology Officer



**ARLEEN MAY GUEVARA**  
Chief Investment Officer



**MARIA CRISTINA HELENA SAMANIEGO**  
Chief Risk and Compliance Officer



**SURENDRA MENON**  
Chief Executive Officer, BPI AIA



**ELLEN IMASA**  
Chief Human Resource Officer



**CARLA DOMINGO**  
Chief Legal Officer  
and Corporate Secretary



**GARY OGILVIE**  
Chief Financial Officer



**YUNG KANG NG**  
Chief Agency Officer

# CORPORATE GOVERNANCE

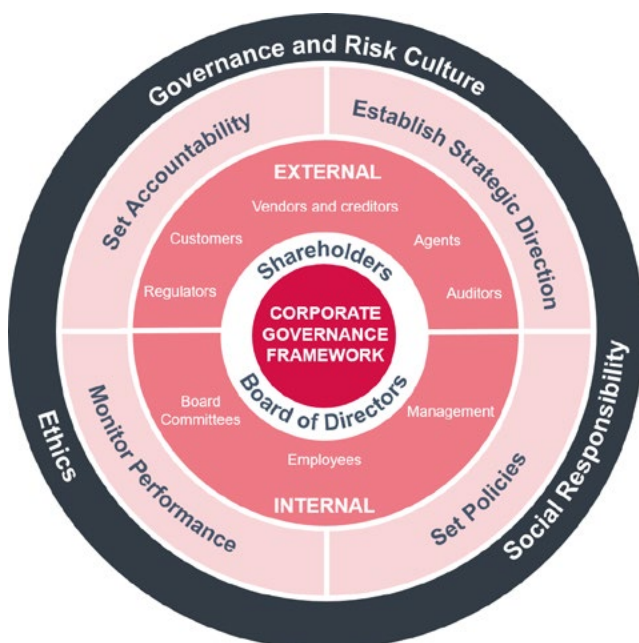
AIA Philippines confirms its full compliance with the Code of Corporate Governance. Its commitment to the highest standards of corporate governance is rooted in the belief that a culture of integrity and transparency is essential to the consistent achievement of its goals. Creating a sustainable culture, where trust and accountability are as vital as skill and wisdom, steers the Board towards achieving long-term value for shareholders and customers, and strengthens confidence in the institution.

## CORPORATE GOVERNANCE POLICY

The Company's Corporate Governance Policy placed on the Board the ultimate responsibility for the sustainable performance of the Company, including its consistent achievement of business plans and compliance with statutory and corporate obligations. To fulfil such responsibility, the Board adopted a policy of adherence to all legislations, regulations, and statutory standards as may be applicable and relevant to the Company, and mandates all directors, senior management, and employees to abide by the principles of good governance and the Company's Code of Conduct.

The Company's corporate governance framework underpins its commitment to corporate governance principles and leading practices.

## CORPORATE GOVERNANCE FRAMEWORK



## ROLES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors exercises all the powers of the corporation, and all business and properties of the corporation are conducted, controlled, and held by them. It is completely independent from management and major stockholders. It is accountable to the shareholders and as such, will ensure the highest standard of governance in running AIA Philippines' business and setting its strategic direction. The detailed roles and responsibilities are set forth in the By Laws and the Manual of Corporate Governance.

In 2021, the Board of Directors, through its Board Risk, and Audit and Related Party Transaction (RPT) Committees, 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.

## BOARD INDEPENDENCE AND DIVERSITY

The Board of Directors has a balanced composition of executive and non-executive directors, such that no individual or small group of individuals can dominate the Board's decision making. The Board will determine whether a director is independent in character and judgment, or if there are relationships or circumstances which are likely to affect the director's judgment.

The Board also recognizes the benefits of having a diverse Board as an essential element in maintaining a competitive advantage and achieving optimal decision-making. The Board considers diversity in age, gender, ethnicity, culture, race, skills, regional and industry experience and background, and other distinctions in determining the composition of the Board of Directors.

The Board also ensures that each director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out his or her responsibilities.

## BOARD PROCESS

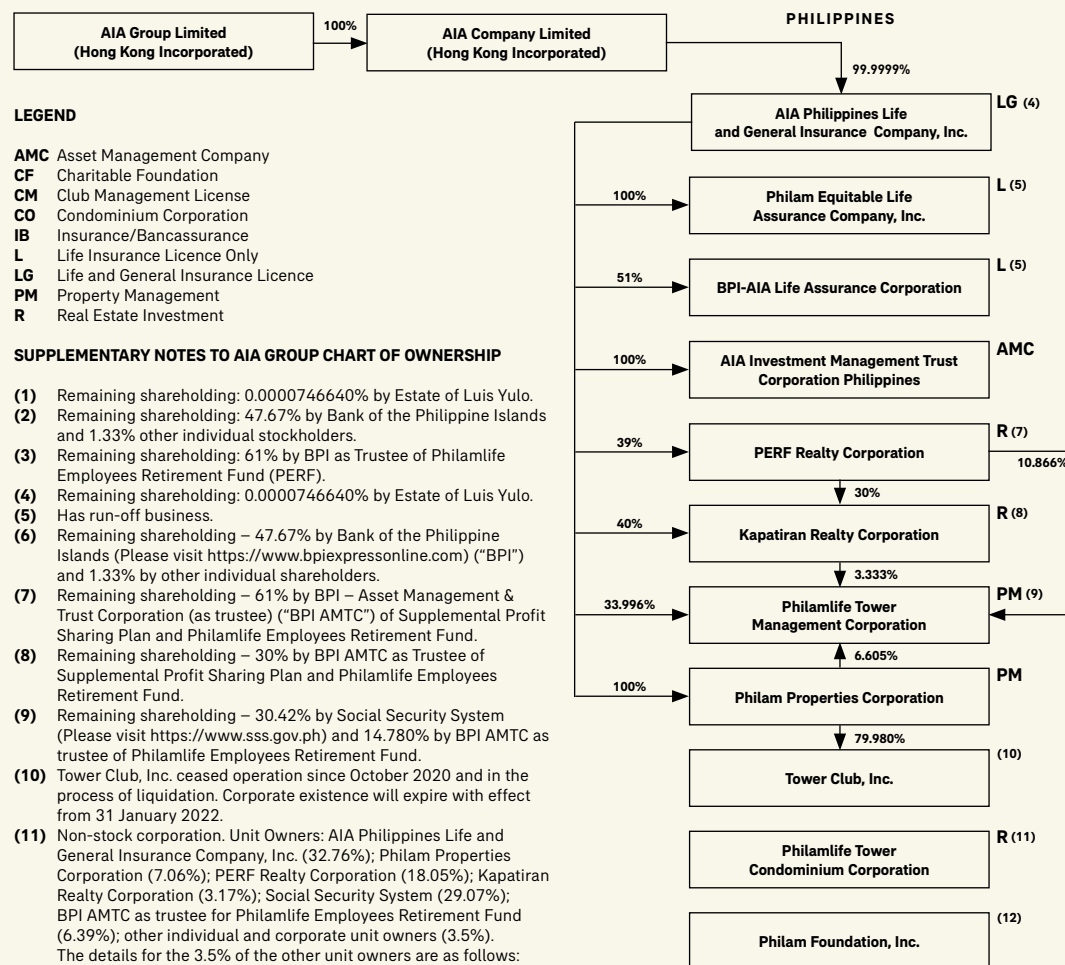
The Board meetings are held on a quarterly basis unless a special meeting is necessary to discuss urgent matters. Minutes of meetings of the Board and all Committees are kept by the Corporate Secretary and are open for inspection by the Board and Stockholders upon request. Board materials are sent to the members at least five business days in advance of the scheduled board meetings.

In addition to the regular meetings, the directors also engage in informal meetings on a quarterly basis to further discuss issues and strategies. Non-executive directors also find time

**LIST OF STOCKHOLDERS**

	Shares Held	Class	Amount Paid	Percent of Ownership	Nationality	Beneficiary Ownership
<b>AIA Company Limited</b>	199,560,514	Common	1,995,605,140.00	99.99993%	Hong Kong SAR	
<b>Jacky Chan</b> (Non-Executive Director/Chairman)	1	Common	10.00		Chinese	AIA Company Ltd
<b>Kelvin Ang</b> (Executive Director/Chief Executive Officer)	1	Common	10.00		Malaysian	AIA Company Ltd
<b>Mitchell David New</b> (Non-Executive Director)	1	Common	10.00		Canadian	AIA Company Ltd
<b>Francis G. Estrada</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Antonino T. Aquino</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Joaquin E. Quintos IV</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Doris Magsaysay Ho</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Jayne Plunkett</b> (Non-Executive Director)	1	Common	10.00		American	AIA Company Ltd
<b>Estate of Luis Yulo</b>	149	Common	1,490.00	0.00007%	Filipino	
<b>TOTAL</b>	<b>199,560,671</b>		<b>1,995,606,710.00</b>	<b>100.00000%</b>		

**PHILAM GROUP CHART OF OWNERSHIP**



**LEGEND**

- AMC** Asset Management Company
- CF** Charitable Foundation
- CM** Club Management License
- CO** Condominium Corporation
- IB** Insurance/Bancassurance
- L** Life Insurance Licence Only
- LG** Life and General Insurance Licence
- PM** Property Management
- R** Real Estate Investment

**SUPPLEMENTARY NOTES TO AIA GROUP CHART OF OWNERSHIP**

- (1) Remaining shareholding: 0.0000746640% by Estate of Luis Yulo.
- (2) Remaining shareholding: 47.67% by Bank of the Philippine Islands and 1.33% other individual stockholders.
- (3) Remaining shareholding: 61% by BPI as Trustee of Philamlife Employees Retirement Fund (PERF).
- (4) Remaining shareholding: 0.0000746640% by Estate of Luis Yulo.
- (5) Has run-off business.
- (6) Remaining shareholding – 47.67% by Bank of the Philippine Islands (Please visit <https://www.bpiexpressonline.com>) (“BPI”) and 1.33% by other individual shareholders.
- (7) Remaining shareholding – 61% by BPI – Asset Management & Trust Corporation (as trustee) (“BPI AMTC”) of Supplemental Profit Sharing Plan and Philamlife Employees Retirement Fund.
- (8) Remaining shareholding – 30% by BPI AMTC as Trustee of Supplemental Profit Sharing Plan and Philamlife Employees Retirement Fund.
- (9) Remaining shareholding – 30.42% by Social Security System (Please visit <https://www.sss.gov.ph>) and 14.780% by BPI AMTC as trustee of Philamlife Employees Retirement Fund.
- (10) Tower Club, Inc. ceased operation since October 2020 and in the process of liquidation. Corporate existence will expire with effect from 31 January 2022.
- (11) Non-stock corporation. Unit Owners: AIA Philippines Life and General Insurance Company, Inc. (32.76%); Philam Properties Corporation (7.06%); PERF Realty Corporation (18.05%); Kapatiran Realty Corporation (3.17%); Social Security System (29.07%); BPI AMTC as trustee for Philamlife Employees Retirement Fund (6.39%); other individual and corporate unit owners (3.5%). The details for the 3.5% of the other unit owners are as follows: Wilfredo Keng (1.58%); Frabelle Properties (0.74%); Bank of Philippine Islands (0.54%); and 45 Floor Holdings, Inc. (0.64%).
- (12) Philam Foundation, Inc. is in the process of liquidation. Corporate existence will expire with effect from 30 April 2022.

**CAPITAL STRUCTURE**

**Authorised Capital Stock:**

PHP2,000,000,000.00

**Subscribed and Paid-Up:**

PHP1,995,606,710.00

**No. of Shares Issued and Outstanding:**

199,560,671 shares

**Treasury Share:**

439,329 as of April 2016

**Par Value:**

PHP10.00/share

<b>BOARD OF DIRECTORS</b>	
<b>Chairman of the Board</b>	Jacky Chan
<b>Executive Director</b>	Kelvin Ang, CEO
<b>Non-Executive Director</b>	Mitchell David New Jayne Plunkett
<b>Independent Directors</b>	Francis G. Estrada Antonino T. Aquino Joaquin E. Quintos IV Doris Magsaysay Ho
<b>Corporate Secretary</b>	Carla Domingo

to meet separately to discuss the business affairs of the Company. Independent Directors likewise regularly meet with management, the internal auditors, and the external auditors, separately, to ensure proper check and balance is achieved by the Company.

**BOARD AND SENIOR MANAGEMENT SUCCESSION AND SELECTION PROCESS**

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 procedure for the selection and appointment of directors of the Board and senior management. Appointments to AIA Philippines Board of Directors or Senior Management are made on merits and subject to objective criteria as set forth in the Manual. Careful deliberation and consideration are 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 of the nominee-director or executives, 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.

**ELECTION OF DIRECTORS**

The Board uses a transparent procedure for the election of directors. Screening processes are done both locally and in the AIA Group. The Corporate Governance Committee looks into the qualifications of directors and thereafter the Board

deliberates on the recommendation of the Committee. At the shareholders meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each shareholder with voting privilege will be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary will count the votes and thereafter declare the duly elected members of the Board.

**ORIENTATION PROGRAM AND TRAINING**

For newly elected directors, the Corporate Secretary schedules and provides a comprehensive orientation to explain the organizational profile, charters, by laws, policies, and procedures of the Company. In compliance with the Circular issued by the Insurance Commission (IC), AIA Philippines ensures that all its directors have attended a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Commission.

The Board members are also encouraged to attend further training and inform the Corporation on such trainings attended. AIA Philippines provides necessary resources in developing and updating its directors’ knowledge and capabilities. For two years in a row since 2020, the Company sponsored its own four-hour annual continuing board training on corporate governance where various topics were covered and discussed by competent speakers expert in their field. The Company encourages the directors to attend continuous professional education programs such as the Professional Directors’ Program of the Institute of Corporate Directors.

**PERFORMANCE EVALUATION**

The Board has established its own performance evaluation, the criteria of which are based on the IC’s Circular on Corporate Governance. Every April of each year, the Board, as well as the Committees, conducts annual self-assessment of its performance, the results of which are submitted to the Governance, Nomination and Compensation Committee and to the Board of Directors.

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. The criteria set include, but are not limited to, the following: the appropriateness of the Board’s composition; the directors’ 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 independent directors, the Board and the various Board Committees.



## SEMINARS ATTENDED

DIRECTOR	TRAINING/SEMINAR	DIRECTOR	TRAINING/SEMINAR
<b>Kelvin Ang</b>	<ul style="list-style-type: none"> <li>• Corporate Governance Orientation Program by ICD, 28 August 2019</li> <li>• IC Mandated Training, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021</li> </ul>	<b>Mitchell David New</b>	<ul style="list-style-type: none"> <li>• Corporate Governance, 02 November 2020</li> <li>• AIA Singapore <ul style="list-style-type: none"> <li>- (Registered by Leong Puan, SID (Singapore Institute of Directors). Emails on Jan 05</li> <li>- Reimagining Your Cyber Security Strategy (Feb 09, online webcast) Certificate received by Leong Puan on Mar 23</li> <li>- Valuation—Addressing Challenges in Uncertain Economic (Feb 18, online webcast) Certificate received by Leong Puan on Feb 24</li> <li>- Cyber Awareness Training by RSM—Board members and ExCo members (Oct 28 – one hour) Arranged by Joanne Leo</li> </ul> </li> <li>• PT Indonesia <ul style="list-style-type: none"> <li>- Anti-Money Laundering &amp; Anti-Terrorist Financing Training 2020 (Material study and email confirmation on completion) by Jan 06. Email confirmation to Enrico on Jan 06</li> </ul> </li> <li>• AIA Group (with Board directors) – Sep 07 <ul style="list-style-type: none"> <li>- Group Wide Supervision (GWS) training on Group Internal Economic Capital Assessment (GIECA) and other areas under the GWS framework</li> </ul> </li> </ul>
<b>Antonino Aquino</b>	<ul style="list-style-type: none"> <li>• Orientation Course for Corporate Governance by ICD, 18 February 2015</li> <li>• IC Mandated Training, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021</li> </ul>	<b>Jayne Plunkett</b>	<ul style="list-style-type: none"> <li>• BDF-Board and Director Fundamentals (online), 28 September 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance for 2021</li> </ul>
<b>Jacky Chan</b>	<ul style="list-style-type: none"> <li>• Corporate Governance Training by Hill Dickinson HK, 26 July 2017</li> <li>• Risk Management Training and Certification Indonesia, 31 January to 01 February 2019</li> <li>• Joint Regional Actuarial Seminar in Asia, 24 July 2019</li> <li>• Hong Kong Management Association Annual Conference 2019, 14 November 2019</li> <li>• Asia Insurance Forum 2019, 10 December 2019</li> <li>• IC Mandated Training, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021</li> </ul>	<b>Joaquin Quintos IV</b>	<ul style="list-style-type: none"> <li>• Orientation Course on Corporate Governance by ICD, 03 December 2012</li> <li>• Advance Corporate Governance Training, 23 October 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021</li> </ul>
<b>Francis Estrada</b>	<ul style="list-style-type: none"> <li>• Professional Directors Program on Corporate Governance by ICD, 24 to 28 May 2004</li> <li>• Chairman of the Board of ICD, and with attendance in various roundtable discussions, trainings and seminars undertaken by said institution.</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021</li> </ul>	<b>Non-Executive Directors</b>	<ul style="list-style-type: none"> <li>• Separate meetings with the External Auditor and Head of Group Internal Audit Philippines without the presence of management on 27 January, 27 April, 21 July, and 26 October.</li> <li>• Meetings with the Chief Risk and Compliance Officer, with the first one held in September 2021 and the second in December 2021.</li> </ul>
<b>Doris Magsaysay Ho</b>	<ul style="list-style-type: none"> <li>• Orientation Course on Corporate Governance by ICD, 27 November 2014</li> <li>• Corporate Governance by SGV on 08 December 2017</li> <li>• Corporate Governance Seminar by Center for Global Best Practices, 14 December 2018</li> <li>• IC Mandated Training, 09 December 2020</li> <li>• IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021</li> </ul>		

**BOARD OF DIRECTORS MEETINGS**

MEMBER	DATE OF MEETING
	21 January 2021 (Regular) 27 April 2021 (Outgoing) 27 April 2021 (Organizational) 21 July 2021 (Regular) 26 August 2021 (Special) 26 October 2021 (Regular) 01 December 2021 (Special) <b>7 Meetings (96.42%)</b>
<b>Kelvin Ang</b>	7 Meetings (100%)
<b>Antonino Aquino</b>	7 Meetings (100%)
<b>Jacky Chan</b>	7 Meetings (100%)
<b>Francis Estrada</b>	7 Meetings (100%)
<b>Doris Magsaysay Ho</b>	7 Meetings (100%)
<b>Mitchell David New</b>	6 Meetings (85.71%)
<b>Jayne Plunkett</b>	6 Meetings (85.71%)
<b>Joaquin E. Quintos IV</b>	7 Meetings (100%)

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 Governance, Nomination and Compensation Committee for its approval. The results will then be reported to the Board for its notation.

For 2021, the Annual Board Performance Evaluation Survey was participated by the members of the Board, where they registered an overall rating of “consistently good” to “excellent”. This clearly exemplifies the effectiveness and competence of the Board of Directors. It also shows that the Board understands the objectives of the Company, as well as the major role it plays in the Company, to its shareholders and stakeholders.

As likewise required by the IC’s Circular on Corporate Governance, the Board also evaluated the key officers of the Company, particularly the Chief Risk and Compliance Officer,

**AUDIT COMMITTEE MEETINGS**

MEMBER	DATE OF MEETING
	21 January 2021 27 April 2021 21 July 2021 26 October 2021 <b>4 Meetings (100%)</b>
<b>Antonino Aquino</b>	4 Meetings (100%)
<b>Francis G. Estrada</b>	4 Meetings (100%)
<b>Joaquin E. Quintos IV</b>	4 Meetings (100%)

**GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE MEETINGS**

MEMBER	DATE OF MEETING
	14 January 2021 08 April 2021 29 June 2021 23 September 2021 10 December 2021 <b>5 Meetings (100%)</b>
<b>Doris Magsaysay-Ho</b>	5 Meetings (100%)
<b>Joaquin E. Quintos IV</b>	5 Meetings (100%)
<b>Mitchell David New</b>	5 Meetings (100%)

and the Head of Internal Audit, who received an overall rating “excellent” and “consistently good”, respectively, noting their clear knowledge and understanding of their respective functions and responsibilities.

During the Annual Stockholders Meeting, the result of the Board Annual Performance Survey was also presented to the stockholders.

**BOARD MEETINGS IN 2020**

To exercise its discretionary powers and management oversight of the Company, the Board of Directors sees to it that it meets on a regular basis as required by the law and Company By-Laws. Unless otherwise provided by law or the Company By-Laws, majority of the directors will constitute a quorum to transact corporate business, provided that when a Board decision is required, a minimum quorum of 2/3 of the directors will be required, except for the election of officers

**AUDIT AND RPT COMMITTEE**

**Antonino Aquino**, Chairman  
(Independent Director)

**Joaquin E. Quintos IV**  
(Independent Director)

**Francis G. Estrada**  
(Independent Director)

**EXECUTIVE COMMITTEE**

**Jacky Chan**, Chairman  
(Non-Executive Director)

**Kelvin Ang**, Vice-Chairman  
(Executive Director)

**Mitchell David New**  
(Non-Executive Director)

**BOARD RISK COMMITTEE**

**Francis Estrada**, Chairman  
(Independent Director)

**Doris Magsaysay Ho**  
(Independent Director)

**Antonino Aquino**  
(Independent Director)

**Jayne Plunkett**  
(Non-Executive Director)

**Kelvin Ang**  
(Executive Director)

**INVESTMENT COMMITTEE**

**Kelvin Ang**, Chairman  
(Executive Director)

**Francis Estrada**  
(Independent Director)

**Antonino Aquino**  
(Independent Director)

**CORPORATE GOVERNANCE COMMITTEE**  
(FORMERLY: GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE)

**Doris Magsaysay Ho**, Chairperson  
(Independent Director)

**Mitchell David New**  
(Non-Executive Director)

**Joaquin E. Quintos IV**  
(Independent Director)

which will require the vote of majority of all the members of the Board, to be considered as a valid corporate act.

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.

Five 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 that need action and approval of the Board.

For 2021, the Board of Directors had a total of seven meetings, where the Board posted an overall attendance rate of 96.42 per cent.

**FEE STRUCTURE AND REMUNERATION OF DIRECTORS**

The Independent Directors, who compose majority of the Board of Directors of AIA Philippines, play significant roles in order to achieve the Company's business objectives today and in the future. As independent directors, they effectively participate and provide objective, independent judgment in the business affairs of the Company, and at the same time ensure that proper checks and balances are in place.

Considering the above, and in view of the stricter corporate and regulatory environment in the country, the Company believes that the independent directors should be adequately compensated for the knowledge, skills, and expertise they share and impart to the Board; for the time and efforts they provide to the Company; and for potential risks and liability they may be exposed to as its members. The fee structure of the independent directors is based on various factors, such as but not limited to director's qualification and experience, skills, and expertise; financial services sector benchmark; market condition; and regulatory environment.

As reviewed and approved by the shareholders of the Company on an annual basis, the independent directors receive fixed directors' fees per Board and Committee meeting attended, and annual bonus. For 2021, the total annual gross directors' fees of the independent directors of the Company amounted to Philippine Pesos: Six Million Nine Hundred Sixty Thousand (PHP6,960,000), broken down as follows: 1) Francis Estrada – (PHP1,780,000.00); 2) Antonino Aquino (PHP1,780,000.00); 3) Joaquin Quintos IV (PHP1,700,000.00); and 4) Doris Magsaysay-Ho (PHP1,700,000.00). The executive and non-executive directors do not receive any remuneration for their directorship in AIA Philippines.

**DIVIDEND POLICY**

AIA Philippines will declare and pay cash dividends, the amount of which will be determine through consideration of the following factors: a) local statutory requirements relating to solvency and liquidity; b) ongoing sustainability of



corresponding insurance fund taking into consideration likely future changes in regulatory requirement; and c) likely future strategic initiatives.

On 27 January 2021, the Company declared a cash dividend of Sixty-Nine Pesos and Forty One Centavos (PHP69.41) per share, or a total amount of Thirteen Billion Eight Hundred Fifty One Million Five Hundred Six Thousand One Hundred Seventy Four Pesos and Eleven Centavos (PHP13,851,506,174.11), Philippine Currency, and hereby is declared payable to all shareholders of the Company in proportion to their holdings as of 30 November 2020.

#### **NEW BOARD CHARTER, REVISED CORPORATE GOVERNANCE MANUAL AND POLICIES**

In compliance to the requirements stipulated in the Insurance Commission Circular Letter (IC CL) 2020-71, the Board approved its new Board Charter, revised its Corporate Governance Manual, and passed several policies. Below are the highlights of the said manual and policies:

**a. Board Charter** - sets out the roles and responsibilities of

the Board primarily delegating to the Board the ultimate responsibility for the sustainable performance of the Company and its subsidiaries, including the consistent achievement of business plans and compliance with statutory as well as corporate obligations. For more details, the full text of the charter is available in the company website.

**b. Revised Corporate Governance Manual (RCGM)** – articulates the Company's good corporate governance practices including board annual and on-boarding training, and training topics, among others. For more details, the full text of the RCGM is available in the company website.

**c. Remuneration Policy** – ensures that board and senior management remuneration programs are designed to be market competitive, fully compliant with local regulations, and foster a strong performance-oriented culture within an appropriate risk management framework

**d. Board Diversity Policy** – sets out the Company's approach to ensuring adequate diversity in the Board and that selection of candidates for appointment to the Board will be based

on merit which include a review of candidate's integrity, educational background, industry or related experience, among others.

**e. Retirement Age Policy** – as part of succession planning and to promote dynamism in the Company, the Board approved the Retirement Age Policy that provides, among others, the maximum tenure for independent directors to be aligned with local regulations; for retirement age of directors other than independent, key officers and employees; and for the procedures for their retirement.

**f. Environment, Social and Governance (ESG) Policy** – provides that the Company's ESG direction is aligned with the direction of its parent company, AIA Group Limited, while further developing suitable local strategies and initiatives, as may be needed.

**g. Financial Disclosure Policy** – sets out AIA Philippines' approach to disclosure of financial information to give a complete picture of the Company's financial standing and results of business operations to stakeholders. It states that the Company will fully abide by legal and regulatory mandates on financial reporting standards and disclosures of financial information.

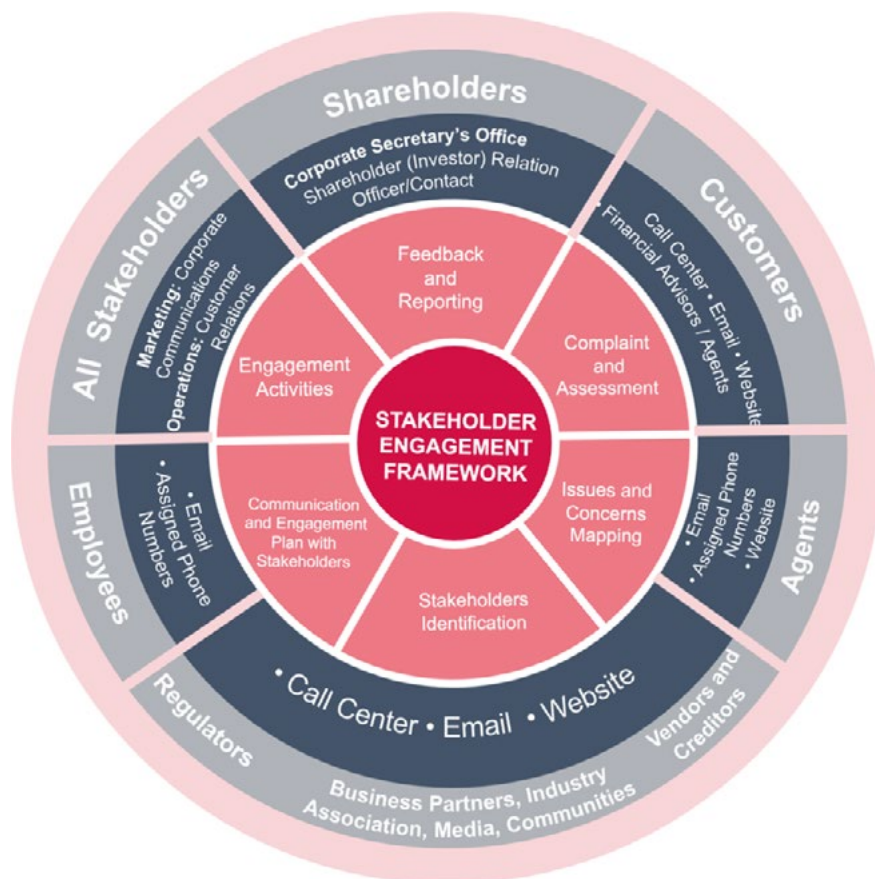
**h. Internal Audit Charter** – sets out, among others, the role, mission, scope and responsibilities of the Company's internal audit functions, called Group Internal Audit Philippines (GIAPH), including arrangements for ensuring GIAPH's independence and objectivity. It articulates GIAPH's purpose, which is to support the Board, the Audit Committee, and the senior management to protect the assets, reputation and sustainability of the Company. It further provides that GIAPH's mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls and governance processes and appropriately challenge executive management to improve the effectiveness of these processes.

**i. Stakeholder Engagement Policy** – designed to facilitate communication for various stakeholders to raise their queries and concerns with ease, and to ensure that the same are addressed in a timely manner by the appropriate functional units of the Company. The policy also defines the Company's Stakeholder Engagement Framework.

### STAKEHOLDER ENGAGEMENT FRAMEWORK

Defined in AIA Philippines' Stakeholders' Engagement Policy, the Stakeholder Engagement Framework is envisioned to provide a holistic view of the various stakeholders of the Company and the manner by which they can interact and communicate with the Company.

Various individuals, groups or organizations can affect or is affected by the Company or its activities. To better manage stakeholder engagements, the Company identifies below as its priority the stakeholders, possible engagement activities and various communication touchpoints available to each:



## A. VARIOUS ENGAGEMENTS

Priority Stakeholders	Common Touchpoints		
Customer	Website: <a href="https://www.aia.com.ph/en/index.html">https://www.aia.com.ph/en/index.html</a>	Telephone No.: (02) 8 528 2000	Email Address: customerservice.ph@aia.com
Shareholder			
Regulators			
Employees			
Sales Force			
Vendors			
Business partners			
Industry associations			
Communities			

## B. REGULATORY AND CONDUCT-RELATED ENGAGEMENTS

Priority Stakeholders	Common Touchpoints	
Customer	Data Privacy: dpo@aia.com	Whistleblower/conduct complaints: compliance@aia.com www.aiaethicsline.com 1010-5511-00 (PLDT) then dial 800-245-4179 105-11 (Other providers) then dial 800-245-4179
Shareholder		
Regulators		
Employees		
Sales Force		
Vendors		
Business partners		
Industry associations		
Communities		

## C. PURCHASE OR SERVICE ENGAGEMENTS, OTHER CONCERNS

	MODE	TOUCHPOINTS	FUNCTIONAL UNITS	ROLES AND RESPONSIBILITIES
Customer	Digital	My AIA <a href="https://www.aia.com.ph/en/myaia/home.html/home">https://www.aia.com.ph/en/myaia/home.html/home</a>	Operations	Primary digital platform that gives customers direct access to information about their policy, as well as apply minor changes to their policy details.
	Digital	Website <a href="https://www.aia.com.ph/">https://www.aia.com.ph/</a>	Operations	Customers can submit claim request, contact info update, benefit pay out enrollment (CTA/PUA), or pay electronically.
	Digital	iServe	Operations	The platform used by CSC/ agents to assist clients in submitting after sales requests
	Digital	Mailbox <ul style="list-style-type: none"> <li>• customerservice.ph@aia.com</li> <li>- AIA Philippines customer touchpoint Mailbox</li> <li>• customercare.ph@aia.com</li> <li>- AIA Philippines CCO Mailbox</li> <li>• claims@aia.com</li> <li>- AIA Philippines Claims Mailbox</li> <li>• policyrequests@aia.com</li> <li>- POS AIA Philippines Policy Requests Mailbox</li> </ul>	Operations	Digitalized forms that customers can send to facilitate their inquiries or requests.

	MODE	TOUCHPOINTS	FUNCTIONAL UNITS	ROLES AND RESPONSIBILITIES
	Digital	Facebook Messenger & Viber - Chatbot - AYA	Operations	Digital platform and social media assets owned by AIA Philippines where customers and the general public can reach the Company.
		Facebook Instagram Twitter	Marketing	
		Linked In	HR	
	Digital	AIA Vitality	Marketing	App that tracks customers' progress as they improve their health and receive rewards.
	Email Hotline	CustomerCare@aia.com - (02) 8-528-2000 - 1800-10-528-2000	Operations	Communication channel where customers can reach out to AIA Philippines through digital means.
	Face-to-face	Customer Service Centers	Operations ASG Finance	Physical means of facilitating requests that ensures prompt delivery of services in accordance with the Customer Commitment Standard, Claims Operations Standard, and New Business Operations Standard.
Servicing agents				
<b>Shareholders/ Investors</b>	Email	AIAPHCORPORATESECRETARY@aia.com	Corporate Secretary	Implements the Company's Corporate Governance Policy and Manual
<b>Regulators</b>	Email	Direct contact with relevant units via: <ul style="list-style-type: none"> <li>• Email</li> <li>• Mobile phone</li> <li>• Others – Viber/FB messenger</li> </ul>	All	In accordance with AIA Philippines Regulatory Framework, all functional units ensure that all regulatory communications addressed to the Company are promptly handled, monitored, and any responses or communications are signed-off by appropriate units and signed by an officer of the Company with a rank of at least Vice President and up.
	Face-to-face	Direct contact with relevant units <ul style="list-style-type: none"> <li>• IC pigeonhole</li> <li>• Conference</li> </ul>	All	
	Mail	Direct contact with relevant units	All	
<b>Employees</b>	Digital	Workday Workplace	Human Resources	Digital platform that provides employees access to information about their employment, at the same time gives them the means to reach out to HR on employee-related concerns.
<b>Sales Force</b>	Digital	Agency Portal	Agency Sales Group Finance	Digital platform where the sales force can access information they need to perform their day-to-day responsibilities, as well as get updated on the latest announcements from the Head Office.
	Face-to-face	Nationwide Customer Service Centers		Communication channels open to the sales force that allow them to remain in touch with Head Office and colleagues from the Agency Sales Group.
	Email Face to-face	Official email of agents; servicing agents		
<b>Vendors</b>	Digital	Ariba	Sourcing	Digital platform that ensures appropriate due diligence are conducted prior to on-boarding of vendors and suppliers, maintains records of engagement with vendors in accordance with the records management policy, ensures prompt settlement of vendor payments, and handles all vendors/ suppliers concerns promptly.
	Email	aiaph.strategicsourcing@aia.com		Digital communication channel that facilitates accreditation of external vendors.

**ANNUAL ORGANIZATION PEOPLE REVIEW (OPR) AND PERFORMANCE DEVELOPMENT DIALOGUE (PDD)**

In the 26 October 2021 board meeting, the Board approved and adopted the Company's annual OPR aimed at ensuring effective succession planning for directors, key officers and management to ensure growth and continued increase in the shareholders' value.

The Board also approved the Company's PDD ensuring that the payment and incentives granted the management,

including the Chief Executive Officer, and the personnel are at par with the performance standards set by the Board and Senior Management. PDD also aims to encourage employees to actively participate in the realization of the Company's goals and governance.

**2021 IC-MANDATED ANNUAL CONTINUING BOARD TRAINING ON CORPORATE GOVERNANCE**

In compliance with IC CL 2020-71, the Company conducted annual continuing training for the board with the topics below:

**CONTINUING TRAINING FOR THE BOARD**

	TOPICS	SPEAKER	DURATION
<b>Group Internal Audit</b>	Enhancing Audit Committee Effectiveness <ul style="list-style-type: none"> <li>• Oversight Role</li> <li>• Financial Reporting and Disclosures</li> <li>• Relationship with External Auditor</li> <li>• Risk-based Audit Approach</li> </ul>	<b>Rebecca Samenta</b> SGV/EY Philippines	30 min
<b>Finance</b>	Related Party Transaction <ul style="list-style-type: none"> <li>• Overview/Definition of terms</li> <li>• Duties and Responsibilities</li> <li>• Material RPT Policy</li> <li>• Disclosure and Regulatory Reporting</li> <li>• Penalties</li> </ul>	<b>Bernalette L. Ramos</b> SGV/EY Philippines	30 min
<b>Compliance</b>	Anti-Money Laundering <ul style="list-style-type: none"> <li>• Overview</li> <li>• Significant AML/CTF Regulatory Updates</li> </ul>	<b>Veronica Balisi</b> SGV/EY Philippines	30 min
<b>Risk</b>	Risk Governance <ul style="list-style-type: none"> <li>• Clarity on board vs management roles</li> <li>• Risk governance transformation</li> <li>• Other risk governance responsibilities</li> <li>• Board Risk Committees</li> <li>• Challenges Facing the Risk Committee</li> <li>• Post-COVID issues</li> <li>• Risk governance trends post COVID</li> <li>• Cybersecurity (new)</li> </ul>	<b>Joseph Ian Canlas</b> SGV/EY Philippines	45 min
<b>Corporate Secretary</b>	Sustainability Reporting <ul style="list-style-type: none"> <li>• Linkage between code of corporate governance and sustainability reporting</li> <li>• Overview of SEC's sustainability reporting guidelines</li> <li>• Overview on sustainability</li> <li>• Benefits of sustainability reporting and challenges of sustainability</li> <li>• Roadmap to nonfinancial reporting</li> <li>• Overview of different reporting frameworks on sustainability reporting</li> </ul>	<b>Benjamin Villacorte</b> SGV/EY Philippines	45 min
<b>IT</b>	Technology, Digital and Analytics (TDA) <ol style="list-style-type: none"> <li>I. AIA Strategic Priority - TDA</li> <li>II. TDA Strategy</li> <li>III. Digital Acceleration</li> <li>IV. Project Portfolio</li> <li>V. Data Platform and Data Richness KPI</li> <li>VI. Data Analytics</li> <li>VIII. AIA Strategic Priority - Risk and Compliance Culture and Capability</li> </ol>	<b>Noel Mendoza</b> Chief Technology Officer, AIA Philippines	30 min
<b>Products</b>	Product Trends and Propositions	<b>Leonardo Tan</b> Chief Marketing Officer, AIA Philippines	30 min



## BOARD OF DIRECTORS' PROFILES



**WING-SHING (JACKY) CHAN (58)**  
AIA Regional Chief Executive,  
Non-Executive Director,  
Chairman of the Board  
(since 01 June 2017)

**Jacky Chan** is the Regional Chief Executive responsible for the AIA Group's businesses operating in Hong Kong SAR and Macau SAR, Mainland China, the Philippines, Korea and Taiwan. He is a director of various companies within the Group, including AIA Company Limited and AIA International Limited. Mr. Chan has extensive life insurance industry experience having worked at AIA for the past 33 years. Prior to becoming a Regional Chief Executive, Mr. Chan was Chief Executive Officer of AIA Hong Kong and Macau in 2009. Previously, he held several senior positions including the

Country Head of AIA China, responsible for overall business performance and results in China; Executive Vice President – Distribution and Marketing of Non Shan Life Insurance – Taiwan; Senior Vice President and 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 Society of Actuaries (FSA), a member of American Academy of Actuaries (MAAA) and a Fellow of Canadian Institute of Actuaries (CIA).



**CHEE KEONG (KELVIN) ANG (56)**  
Executive Director,  
Chief Executive Officer  
(since 01 March 2019)

**Kelvin Ang**, AIA Philippines' 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 vital part in the success of AIA China's agency transformation. Mr. Ang also led the successful AIA-ING agency integration in Malaysia from 2015 to 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.

Mr. Ang earned his Bachelor's degree at the Royal Melbourne Institute of Technology in Australia and his Master's degree in Business Administration from Bath University in the United Kingdom. He is also currently a corporate member of the Philippine Life Insurance Association Inc. (PLIA).



**MITCHELL DAVID NEW (58)**

Non-Executive Director  
(since 01 May 2020)

**Mitchell New** is the Group General Counsel responsible for the provision of legal services for AIA Group and providing leadership to legal and corporate governance functions within country operations. Previously, he acted as Group Chief Risk Officer in AIA. In addition to his position on the Board of AIA Philippines, he is a director of various companies within the Group including AIA International Limited, AIA Reinsurance Limited and the Group's operating subsidiaries in Singapore, Indonesia and Vietnam. He is also Chairman of the Group ESG Committee with executive responsibility for the Group's ESG program.

He joined the Group in April 2011. Prior to joining the Group, Mr. New was a member of the law firm Fasken Martineau and occupied various senior roles with Manulife Financial, including Senior Vice President and Chief Legal Officer for Asia and Japan, based in Hong Kong, and Senior Vice President and General Counsel to Manulife's Canadian division. He is a qualified barrister and solicitor and member of the Law Society of Upper Canada and holds a Bachelor of Commerce Degree and Master's Degree in Business Administration from McMaster University and a Bachelor of Laws Degree from the University of Western Ontario



**JAYNE PLUNKETT (52)**

Non-Executive Director  
(since 01 May 2020)

**Jayne Plunkett** is the Group Chief Risk Officer responsible for AIA Group's risk and compliance functions. She is a director of various Group companies, including AIA Singapore Private Limited and AIA Philippines Life and General Insurance Company, Inc. Ms. Plunkett joined AIA in November 2019 from Swiss Re, where she was most recently Chief Executive Officer Reinsurance Asia, Regional President Asia and member of the Group Executive Committee.

During her time with Swiss Re, she held several senior positions including Head of Casualty Underwriting for Asia and Division Head Casualty Reinsurance. Prior to that, she was with GE Insurance Solutions. Ms. Plunkett holds a Bachelor of Science in Business Administration from Drake University. She is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.



**ANTONINO T. AQUINO (74)**

Independent Director  
(since 22 April 2015)

**Antonino Aquino**, Filipino, 74, has served as Independent Director of AIA Philippines Life and General Insurance Company Inc since April 2015. He is also a Board member of two publicly listed companies - Ayala Land Inc (ALI) since April 2009 and Manila Water Company, Inc. (MWC) since 1998.

He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. He is also a Board member of Nuevocentro, Inc., Anvaya Beach and Nature Club and Mano Amiga Academy, Inc. He is also in the Board of advisers of Hero Foundation Inc. He is also a private sector representative in the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines.

In 2020, he was conferred Honorary Fellow by the Institute of Corporate Directors (ICD). In 2009, He was named "Co-Management Man

of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership.

He earned his degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

In 2021, he attended ICD and Ayala-sponsored Corporate Governance seminars on Environmental, Social and Governance (ESG) as Pathway to Recovery which included Governance and Corporate Culture as the backbone of ESG Investing, Social: International Inclusion by Design, Environmental: Responding to the Call for Climate Action. He also attended the Insurance Commission/ AIA seminar on Enhancing Audit Committee Effectiveness, Related Party Transactions, Compliance with Anti-Money Laundering, Risk Governance and Sustainability Reporting.

**FRANCIS G. ESTRADA (72)**

Independent Director  
(since 18 April 2006)  
Lead Independent Director  
(since 21 October 2021)

**Francis Estrada** serves or has served as independent director and Board Committee Chair in a number of leading publicly listed companies like: Ayala Land, Inc., AIA Philippines, Energy Development Corporation, Rizal Commercial Banking Corporation, RCBC Savings Bank, Engineering Equipment Inc., among others.

He serves or has served on the Boards of a number of private companies in both the profit and not-for-profit areas. With respect to the former, Mr. Estrada currently serves as chairman of CIBI Information, Inc. and Davao Thermo Biotech Corporation.

He also serves or has served as Board Chair of the Institute of Corporate Directors, De La Salle University, Philippine Military Academy, the Development Bank of the Philippines Advisory Council, the Armed Forces of the Philippines Multisectoral Governance Council and the De La Salle (Philippines) Investment Committee.

He has served as Trustee, Governor or board member of the Asian Institute of Management, De La Salle University, Xavier Labor Relations Institute (India), Shanghai Jiao-tung University School of Management (PRC), Clean Air Asia, Institute for Solidarity in Asia, Armed Forces of the Philippines Multi-Sectoral Governance Council, the Philippine Board of Investments Multi-Sectoral Governance Council and the Sociedad de Beneficiencia, among others.

He has served as President/CEO of the Asian Institute of Management, William E. Simon and Sons (Asia) LDC from 1992 to 1997, an investment partnership he co-founded with former US Treasury Secretary, William Simon.

He was President and Chief Operating Officer of Asian Oceanic Holdings Limited from 1983 to 1991, an investment banking partnership he co-founded with former American Express Bank Chairman/ CEO, Richard Bliss.

He was Senior Vice President, ASEAN Regional Coordinator for Indonesia of Bancom Group Incorporated from 1974 to 1982. He concurrently served as Managing Director and Chief Operating Officer of P.T. First Indonesian Financing and Investment Corporation ("Ficorinvest"), a joint-venture merchant banking partnership between Bank Indonesia (the Indonesian central bank) and the Bancom Group of the Philippines from 1975-1980.

Following his return to the Philippines in 1997, Mr. Estrada was Chairman and General Partner of Equity Managers Asia, Inc., an investment firm which he co-founded. He has established a number of Asia-related financial institutions and commercial enterprises within and outside the Asian region, and advised on numerous capital-raising, turn-around and cross border financial transactions.

He has served as board director with over 40 public and private enterprises in the Australasia region and the US. In addition, he serves/has served as trustee or governor in 15 not-for-profit institutions in the Philippines, Hong Kong and Vatican City. He is also a Lead Independent Director of AIA Philippines.

Mr. Estrada graduated with distinction from the Asian Institute of Management with a Masters Degree in Business Management in 1973, and completed the Advanced Management Program at the Harvard Business School in 1989. He obtained his Bachelor of Science in Business Administration and Bachelor of Arts degrees from De La Salle University in 1971 where he was awarded the institution's Leadership Award.



**DORIS MAGSAYSAY HO (69)**

Independent Director  
(since 22 April 2015)

**Doris Magsaysay Ho** is the President and CEO of A. Magsaysay, Inc. which has a network of offices located in the Philippines, Asia and North America.

Its activities involve international shipping as well as transport and logistics services in the Philippines. Magsaysay is also involved in providing human resource solutions for large companies around the world.

Ms. Magsaysay Ho also serves as Chair of Lorenzo Shipping Corp., director of Steamship Mutual Underwriting Association (Bermuda); and is a trustee/director of business and non-profit organizations including: Makati Business Club, Philippine Business for Social Progress, Philippine Disaster Recovery Foundation, Asia Society Philippine Foundation, Inc., Asia Society (New York), Metropolitan Museum Manila, First Philippine Conservation Inc. She is Chairman Emeritus of the Philippine Interisland Shipping Association and is a member of the Young President's Organization.

In November 2015, the Office of the President of the Philippines conferred upon

her the Order of Gawad Mabini with the rank of Commander for her many years representing the country as a member of the APEC Business Advisory Council.

Ms. Magsaysay Ho is the recipient of several international and local awards including Lloyd's List Asia Lifetime Achievement Award 2011 and the Seatrade Personality of the Year Award in 2018, Asia CEO Awards Global Filipino Executive of the Year in 2012, MVP Grand Bossing Award 2018, and Shero of the Year by the Asia CEO Awards in 2019.

Born in 1951, she has a Masters in Industrial Design from Pratt Institute in New York.

Ms. Magsaysay Ho attended the seminar on Anti-Money Laundering (AML) and Counter Terrorist and Proliferation Financing (CTPF) Technical Training conducted by SGV on 04 November 2021. She also attended the virtual training on Technology, Digital Analytics (TDA) and Product Trends and Propositions of AIA Philippines, as part of the 2021 Annual Mandatory Corporate Governance Training of AIA Philippines also held on the same date.



**JOAQUIN E. QUINTOS IV (62)**

Independent Director  
(since 22 April 2015)

**Joaquin Quintos** is currently a Senior Executive at First Philippine Holdings (FPH), a publicly listed Philippine conglomerate engaged in energy, property, construction, manufacturing, healthcare, and education businesses. He joined FPH in 2015 and is currently a board director in various operating subsidiaries of the group. He leads the new business initiatives of FPH in healthcare and education.

In his operational role, Mr. Quintos runs the group's education business, First Industrial Science and Technology College, as its President. He also runs the group's healthcare businesses, Asian Eye Institute and Pi Health, where he serves as its President. In addition, he also drives the digital technology initiatives of the group and serves as President of Infopro Business Solutions, FPH's in-house shared services unit.

Mr. Quintos is a shareholder of Prople, a privately held software and business pro-

cess services company, where he previously served as CEO from 2009 to 2015. He was also the former President of IBM Philippines. He held various management positions during a successful 27-year career at IBM from 1982 to 2009, including assignments at IBM's headquarters in Singapore and New York.

He currently holds various board positions in leading companies and non-profit organizations in the Philippines. He previously served the boards of De La Salle University Manila, STI Education Services, and iPeople, the holding company of Mapua Institute of Technology. He also serves as an advisor to many technology start-up companies in the Philippines and abroad.

A graduate of the University of the Philippines, Mr. Quintos earned his Bachelor of Science degree in Industrial Engineering, with cum laude honors. He participated and completed the New York Marathon in 2007.

BOARD SUPPORT



**CARLA J. DOMINGO**  
Corporate Secretary

**Atty. Carla Domingo** is currently the Head of Legal and Corporate Secretary of AIA Philippines. She also serves as the Corporate Secretary of BPI AIA. Likewise, she heads the Company's Centralized Investigation Team and Records Management.

She was Corporate Secretary to various AIA companies from 2008 to 2014: Philam Equitable Life Assurance Company, Philam Properties Group of Companies, Philam Asset Management Inc., Philam Call Center Services, Inc., the Tower Club, Inc., and Philam Foundation, Inc.

She also served as Deputy Company Secretary of AIA Group Company Limited in

Hong Kong from February 2014 to February 2015.

Atty Domingo is a fellow of the Institute of Corporate Directors and a lawyer by profession. She is supported by Atty Ace Devino Custodio, AIA Philippines' Assistant Corporate Secretary, who is also a lawyer. They both attended the IC-mandated annual continuing board training held in 2020, as well as the one held in 04 November 2021. The 2021 corporate governance training consists of various topics on Internal Audit, Related Party Transactions, AML, Risk, Product Trends and Technology and Digitalization Initiatives of the Company.



**MARIA CRISTINA HELENA G. SAMANIEGO**  
Chief Risk and Compliance Officer

**Maria Cristina Helena Samaniego**, AIA Philippines' Chief Risk and Compliance Officer, is a Senior Vice President and a member of the Company's Executive Committee. She likewise attended the IC-mandated annual board continuing training on corporate governance in 2020 and the recent training held on 04 November 2021.



**RIKKA C. PERALTA**  
Head, Group of Internal Audit Philippines

**Rikka Peralta** was promoted from her former position as Deputy Head of Group of Internal Audit Philippines. She has been with the company for more than 15 years and has played a key role in managing the audit plans and activities while overseeing the team of internal auditors. She likewise attended the IC-mandated annual continuing training of the Board held in 2020 and the recent training held on 4 November 2021.

## OPERATING PHILOSOPHY

### AIA CODE OF CONDUCT

Honesty and integrity are the cornerstones of the AIA business. AIA Group Limited (“AIA Group”) serves millions of customers across the most dynamic growth region in the world – and is known and admired for its unwavering commitment to these values. This reputation and the trust it inspires is critical to the success of the organization. Dedication and commitment to high standards have helped build the organization in the past and continue to do so. It can only maintain such reputation when each employee strives harder to do what is right and by being committed to the highest standards of integrity and conduct at all times and in every dealing.

This is what the AIA Code of Conduct is about. It sets out AIA’s and its member companies’ commitment to the Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right people... and the Right results will come.” This is the core of the unique culture of AIA across all 18 markets within the Asia Pacific region which includes AIA Philippines (“Company”).

The AIA Code of Conduct sets out the ethical guidelines for conducting business which is the same code that AIA Philippines observes. This serves as a guide in managing the Company’s compliance, ethics, and risk issues.

The standards set forth in the Code also apply to business partners including agents, contractors, subcontractors, suppliers, distribution partners, and those who act on behalf of AIA and AIA Philippines. The corporation, its directors, senior management, and employees are mandated to comply with the policies. The Compliance Department is tasked to implement and monitor compliance to these policies.

AIA Philippines has always believed in the power of diverse, talented people coming together to create value and deliver customer and shareholder expectations. Thus, it competes vigorously to create new opportunities for the business. However, competitive advantages are sought only through legal and ethical business practices. Promoting compliance with local laws and local regulatory requirements that apply to the business is at the foundation of AIA Philippines’ good corporate citizenship.

### CODE OF CONDUCT ANNUAL CERTIFICATION

To ensure that all AIA Philippines employees are aware of the provisions of the AIA Code of Conduct, an annual certification program is conducted whereby all employees confirm their

knowledge, understanding, and practice of the rules and guidelines written in the Code.

### NEW EMPLOYEES ORIENTATION PROGRAM (NEOP)

Company policy mandates for all new joiners to complete the New Hires Mandatory Course where the Code of Conduct and all other relevant company policies are discussed. This program is offered through an online learning platform and must be completed within 90 days from joining date.

### TREATING CUSTOMERS FAIRLY

AIA Philippines’ Customer Commitment Standard demands that customers are treated fairly at all times. This ensures that customer needs and reasonable expectations have been considered by the Company in its business activities. Appropriate standards of business practice to promote customer outcomes that are consistent with reasonable expectations are in place. The Company also monitors customer experience and manages the risk of unfair treatment or poor outcome for customers.

Marketing, advertising, and sales-related materials and services are truthful and accurate, and misrepresenting or attempting to mislead or deceive customers by use of unsupported or fictitious claims about the products of AIA Philippines or those of its competitors are not acceptable.

AIA Philippines adopts a structured framework in handling complaints related to market misconduct. The Customer Complaints Handling Process defines the step-by-step approach to ensure that all customer grievances and complaints of misconducts are immediately addressed. Misconduct includes but is not limited to misrepresentation of product features, mis-selling, policy replacement, misappropriation of client monies, and any other infringement of the Market Conduct Guidelines.

### ANTI-FRAUD POLICY

AIA Philippines adopts a zero-tolerance approach to fraud and expects all employees and third parties to act with honesty and integrity. The policy is intended to reinforce management procedures designed to aid in the prevention, detection, and investigation of fraud, thereby safeguarding the Company’s assets and providing protection from the legal and reputational consequences of fraudulent activity. All suspected cases of fraud are investigated, and disciplinary procedures enforced, including prosecution and termination.

This policy was submitted to the Insurance Commission following the requirements of IC Circular 2016-50. The Insurance Commission wants to ensure that all companies are prepared and ready to combat insurance fraud for its own protection and for the welfare of its stakeholders and the insuring public.

**ANTI-CORRUPTION AND BRIBERY**

AIA Philippines implements a robust Anti-Corruption Program supported by an Anti-Corruption Policy. The Policy provides guidance on giving and accepting gifts and entertainment, and is applied alongside the AIA Code of Conduct.

The Company adopts a Zero Tolerance approach to Bribery and Corruption. Employees and other persons representing AIA Philippines are prohibited from offering, paying, promising, or authorizing (directly or indirectly) any bribery, kickback, or anything of value (as defined in the Policy), with corrupt intent or in violation of anti-corruption laws.

The Company is not allowed to use improper means to influence another person's business judgement. All employees and officers are required to report and seek approval, when necessary, to the Compliance Office any gift/ entertainment provided to government organizations and/ or any of its officials.

**CONFLICT OF INTEREST**

An employee's position in AIA Philippines must not be used for inappropriate personal gain or advantage. Any situation that creates, or even appears to create a conflict of interest between personal interests and the interests of the Company must be appropriately managed.

Conflicts of interest (whether potential or actual conflicts) are mandated to be reported. Managers are expected to take appropriate steps to prevent, identify, and appropriately manage conflicts of interests of employees they supervise.

All AIA and AIA Philippines employees are prohibited from taking for themselves, or directing to a third party, a business opportunity that is discovered through the use of the company's corporate property and information. AIA Philippines employees are prohibited from using corporate property, information, or position for personal gain.

Employees are asked to declare if they have any personal relationships within AIA Philippines. Immediate family members, members of the household, and individuals with whom an employee has a close personal relationship within AIA Philippines must never improperly influence business decisions.

**FAIR DEALING POLICY AND CREDITOR'S RIGHTS**

AIA Philippines adheres to a Fair Dealing Policy, which ensures that businesses with the customers, service providers, suppliers, and competitors are conducted in a fair manner. Following AIA's model, AIA Philippines seeks competitive advantages only through legal and ethical business practices. Every employee must conduct business in a fair manner with customers, service providers, suppliers, and competitors.

Disparaging competitors or their products and services are discouraged. Improperly taking advantage of anyone through manipulation, concealment, abuse of privileged information, intentional misrepresentation of facts or any other unfair practice is not and will not be tolerated at AIA Philippines, much more in the AIA Group.

It is also the policy of AIA Philippines to uphold creditor's rights by honoring its contractual obligations with all its creditors and counter parties, in accordance with the provisions of their contracts and the law. In the conduct of its business dealings with third parties, AIA Philippines undertakes to honor all its commitments, stipulations, and conditions set forth in its binding agreements.

**INVESTMENT CODE OF ETHICS**

AIA Philippines believes that individual investment activities by its officers and employees should not be prohibited or discouraged. Nonetheless, the nature of AIA Philippines' obligations necessarily requires some restrictions on the investment activities of certain employees, officers, directors, and their related interests, who may be deemed Investment Access Persons.

In managing assets for AIA entities, Investment Access Persons have a responsibility to treat stakeholders fairly. This duty requires a course of conduct, consistent with other statutory obligations, that seeks to be prudent in AIA's and its stakeholders' best interest.

The AIA Investment Code of Ethics is intended to address three fundamental principles that must guide the personal investment activities of Investment Access Persons in light of their duties:

1. Place the interests of AIA and its Stakeholders first. Investment Access Persons must avoid serving personal interests ahead of the interests of AIA or those of its stakeholders.
2. Avoid taking inappropriate advantage of one's position as an Investment Access Person.
3. Conduct personal investing activities in such a way as to avoid even the appearance of a conflict of interest with investment activities undertaken for the AIA Portfolios.

As a member of the AIA Group, AIA Philippines adopts the same policy and follows the same guidelines. Generally, all Investment Access Persons are required to obtain pre-clearance prior to purchasing or selling a security. In addition, Investment Access Persons must provide and certify on a regular basis their accounts and beneficial holdings as well as all transactions in securities in which they had beneficial ownership and/ or control. Certain outside business activities of Investment Access Persons also need prior approvals.

### **RELATED PARTY TRANSACTION**

AIA Philippines recognizes the importance of establishing and maintaining policies and procedures for transactions between related parties. The Company is mandated to ensure that such transactions are only undertaken on an arm's length basis for the financial, commercial and economic benefit of the Company and the entire group where it belongs.

The Related Party Transactions (RPT) Policy of the Company is adopted to ensure that there is an effective compliance with existing laws, rules, and regulations at all times; that all related party transactions are conducted on an arm's length; and that no stakeholder is unduly disadvantaged. Under the Policy, any transaction that could pose conflict of interest, or any material or special risks, credit or counterparty risks, or potential abuse to AIA Philippines, will be considered related party transactions. Related party will be interpreted broadly to include not only transactions that are entered into with related parties as defined in the RPT Policy but also outstanding transactions that were entered into with an unrelated party which subsequently becomes a related party. It will also include such other person/ juridical entity whose interests may pose potential conflict with the interest of the Company.

The Policy requires that all RPTs should be on normal commercial terms, fair and reasonable in the interest of AIA Philippines; in the regular course of business; and at arm's length or not undertaken on more favorable economic terms (e.g. price commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under the similar circumstances. AIA Philippines has put in place an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the Company and its stakeholders.

If a particular transaction is considered to involve related parties, the same will be endorsed to the Regulatory and Compliance Committee for appropriate action. If RPT falls below the materiality threshold prescribed by the Policy, the Regulatory and Compliance Committee will have the authority to approve the same, subject to the Board Audit and RPT Committee's confirmation. Otherwise, the former will endorse the transaction to the latter for its consideration and approval.

All RPTs that are considered within and above the material threshold, including write-off of material exposures and renewal of material changes in the terms and conditions of the RPTs, based on the Company's Internal RPT Policy, will be endorsed by the Audit and RPT Committee to the Board of Directors for approval and to the stockholders of the Company for confirmation by majority vote, during the annual stockholders' meeting.

The Board of Directors will be the final approving authority of all material RPTs. Any member of the relevant Committees or the Board who has an interest in a transaction must abstain from deliberation and approval of such transaction.

For 2021, the Company declares that all related party transactions are conducted in arm's length basis.

### **WHISTLEBLOWER PROTECTION PROGRAM**

AIA Philippines does business with integrity and follow the highest ethical principles. Any employee (or anyone else) may raise concerns of misconduct or wrongdoing within AIA and AIA Philippines that can allow investigation to fix any problems. The Whistleblower Protection Policy applies to all employees of the AIA Group including AIA Philippines. This Policy guides all employees on how to raise ethical concerns, and guides managers on how they should respond when this happens.

'Whistleblower' refers to someone (an AIA Philippines employee, business partner, agent, consultant, vendor, customer, or other party) who informs AIA or AIA Philippines of suspected illegal or improper ways of doing business involving violation of laws, regulations, AIA or AIA Philippines policies, and other unethical actions that might negatively impact AIA's and AIA Philippines' reputation.

Employees who are aware of possible wrongdoing within AIA and AIA Philippines have a responsibility to disclose that information to management. Reports are taken seriously and investigated confidentially. Employees or other individuals will not suffer retaliation for reporting suspected wrongdoing in good faith.

Speak up culture is encouraged and widely promoted in the company. Posters are displayed, brochures are distributed to promote reporting whenever employees see or suspect potential misconduct or fraud. A hotline and a link are made available and the employee may choose to report issues anonymously.

An AIA Ethics line (<https://www.aiaethicsline.com>) was developed to support the program. It is an independently managed website and hotline (telephone) service, receiving reports in local language, 24 hours a day, and seven days a week. AIA and AIA Philippines can communicate with anonymous whistleblowers via a secure platform using the AIA website. The report may also be made by using the AIA Group Ethics and Compliance Hotline +852 2832 1200, via email to [compliance@aia.com](mailto:compliance@aia.com) or via (PLDT) 1010-5511-00-800-245-4179 or 105-11-800-245-4179.



## GOOD CORPORATE CITIZENSHIP

### PREVENTION OF INSIDER TRADING AND MARKET MISCONDUCT

The AIA Group takes its obligations as a listed entity seriously and is committed to ensuring the highest standards of market conduct and fair dealing. The Hong Kong Securities and Futures Ordinance (SFO) prohibits market misconduct, including insider trading. Breaches of market misconduct laws are serious offences that attract heavy civil and criminal penalties.

Since AIA Philippines is a member of the AIA Group, it adopts the same policy and follows the same guidelines. The Prevention of Insider Trading and Market Misconduct Policy aims to build a robust system to prevent market misconduct, including insider trading. It sets out standards and controls to ensure compliance with the regulatory requirements. Lastly, this policy prohibits employees and directors from engaging in speculative trading in AIA Group Securities and in any market misconduct such as false trading, price rigging, disclosure of false or misleading information inducing transactions and stock market manipulation

The policy applies to all employees and directors of AIA Group Limited and each of its subsidiaries, including AIA Philippines. This policy defines the duty of each employee to safeguard material information from improper use. Under the policy, it is illegal to trade securities while in possession of material non-public information and/ or pass the same to anyone who may trade securities based on it and/ or give recommendations to buy or sell securities.

Dealing in AIA securities by certain employees, officers, directors, and their related interests require pre-approval from the Group Company Secretary. The pre-approval of the Group Company Secretary is valid for three trading days from the date on which the pre-approval is granted. If the proposed transaction is not executed within this period, the pre-approval will lapse and a fresh pre-approval application needs to be submitted.

Information on other securities which AIA may have received or may expect to receive material, non-public information, or are otherwise subject to restrictions in trading, are placed on watch lists or restricted lists. Trading activities in securities included in these lists are restricted and/ or actively monitored.

### ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING PROGRAM

Pursuant to Section 18 of Republic Act (RA) No. 9160, also known as the "Anti-Money Laundering Act of 2001", as amended by RA No. 9194, RA No. 10167, RA No. 10168, RA No. 10365, and RA No. 11521, all covered institutions which include insurance companies supervised or regulated

by the Insurance Commission are mandated to formulate their respective money laundering prevention program in accordance with the said law.

AIA Philippines' Anti-Money Laundering (AML) Program establishes the governing principles and business standards to protect the Company and its business operations from becoming an unwitting tool of money launderers. The Company's management, officers, and employees remain vigilant in the fight against money laundering and financing of terrorism and collectively oppose any effort to violate or flaunt the anti-money laundering laws.

AIA Philippines adopts the Nice Actimize System to support the implementation of its AML program. The system has three modules that are used as monitoring mechanisms. These include Watch List Filtering or Screening against politically exposed persons (PEPs) and sanctioned persons; Customer Due Diligence that provides risk scoring for all customers and help determine high risk customers; and Suspicious Activity Monitoring that provides red flag/ alerts on behavior of transactions. The law's reporting requirements on covered and suspicious transactions are religiously observed.

AIA Philippines continues to improve its processes and systems to support the implementation of its AML Program.

### DATA PRIVACY

AIA Philippines recognizes its responsibilities in protecting the personal data and sensitive information of all its stakeholders including employees, customers, intermediaries, business partners, and third-party service providers. The Board of Directors, management, and employees of AIA Philippines commit themselves to adopt and adhere to the Policy provisions to ensure protection of personal information and sensitive data collected by and shared with the Company.

The Data Privacy Program of AIA Philippines is aligned with RA 10173, the local Data Privacy law. Under the program, the AIA Philippines CEO will be responsible for the implementation of these guidelines across all its business units and in ensuring that all employees, officers, and employees are aware of their obligations stated in the guidelines.

Each employee is expected to comply with the standards when managing personal data being collected and handled for processing. Compliance will be responsible for keeping and maintaining effective guidelines by providing second line oversight and monitoring of implementation.

To strengthen corporate governance, the AIA Philippines Board of Directors appointed a Data Protection Officer for the company who is tasked to oversee the implementation of

its Data Privacy Program based on the issued Implementing Rules and Regulations of the local law, and ensure that appropriate operational controls are implemented across all units or departments.

AIA Philippines' Data Privacy Policy provides guidance to all employees, intermediaries, and third parties on how personal data should be collected, used, stored, transferred, and disposed. It further clarifies the roles and responsibilities of the employees and intermediaries about the relevant standards and procedural controls that must be observed to secure and protect personal data.

### **CREDIT INFORMATION SYSTEM ACT (CISA)**

Republic Act 9510, otherwise known as the Credit Information System Act (CISA), was passed in 2008 and created the Credit Information Commission (CIC) whose primary function is to act as the central registry of all credit information. As provided in the law, the Securities and Exchange Commission (SEC) will be the lead government agency to implement the CISA, in coordination with other relevant government agencies and private associations of financial institutions. It also prescribed additional requirements for the establishment of the CIC. Further, the SEC Chairman also sits as the Chairman of the Board of the CIC.

CISA addresses the need for a comprehensive, centralized, and reliable credit information system intended to:

1. Improve the overall availability of credit to Micro Small and Medium Enterprises (MSMEs);
2. Provide credit information at the least cost to eligible participants;
3. Ensure the protection of consumer rights and fair competition in the industry at all times;
4. Reduce the overall credit risk thereby contributing to a healthier and more stable financial system.

The CIC has three important functions:

1. To receive and consolidate basic credit data;
2. To act as a central registry or repository of credit information; and
3. To provide access to reliable, standardized information on credit history and financial condition of borrowers.

AIA Philippines, as one of the covered companies under financial institutions, supports the Commission's program and adheres to the requirements of the law by establishing its own set of systems and processes to ensure compliance with the requirements.

### **COMMUNICATION WITH REGULATORS AND OTHER GOVERNMENT OFFICIALS**

Inquiries from regulators outside the normal course of AIA Philippines' regulatory relationships must be reported

immediately to the Compliance Officer or a designated Legal Counsel before a response is made.

Financial reporting-related inquiries may be responded to by authorized comptrollers. Responses to regulators must contain complete, factual, and accurate information. During a regulatory inspection or examination, documents must never be concealed, destroyed, or altered, nor must lies or misleading statements be made to regulators. Requests from auditors are subject to the same standards.

## **RELATIONSHIP WITH VENDORS AND SUPPLIERS**

### **SOURCING POLICY/VENDOR MANAGEMENT**

Business partners serve as extensions of AIA Philippines to the extent that they operate within contractual relationships. Business partners are expected to adhere to the spirit of the AIA Code of Conduct and to any applicable contractual provisions.

Business partners must not act in a way that is prohibited or considered improper for an AIA Philippines employee. Employees must ensure that customers, agents, and suppliers do not exploit their relationship with AIA Philippines or use AIA Philippines' name in connection with any fraudulent, unethical, or dishonest transaction.

Suppliers and vendors are selected on the basis of performance and merit in accordance with a fair and transparent process. Requirements for suppliers and vendors to follow the standards in the Code are part of the vendor management program.

The total expenditure on goods and services from third party suppliers form a significant part of AIA Philippines' operating cost. Any activity by a line of business to acquire goods/ services must be undertaken in a professional manner to ensure AIA Philippines is able to maximize its value, and manage risks associated with use of external suppliers.

The local Sourcing Policy sets out the framework within which AIA Philippines must engage external suppliers for goods/ services and is supplemented by AIA Philippines' Sourcing Practice Guide. This provides AIA Philippines the standard processes and document templates in engaging suppliers that should be read in conjunction with the policy document.

The AIA Philippines Sourcing Policy, with the AIA Group Sourcing Policy as a model, was defined with the primary objective to establish standardized sourcing procedures.

As set out in the AIA Group Sourcing Policy, a Local Sourcing Lead (LSL) or a designate is appointed and will be responsible

for ensuring implementation, execution, update, and compliance to the local policy. This person should closely work with the AIA Group Sourcing (GS) team.

### SUPPLIER SELECTION

AIA Philippines selects suppliers and vendors on the basis of capability and performance in accordance with a fair and transparent process. Appropriate due diligence is performed regarding potential agents, consultants, and independent contractors prior to engaging their services.

AIA Philippines seeks supplier partnerships with diverse businesses, and values suppliers that share the Company's dedication and commitment to diversity and social responsibility.

### CONTRACT MANAGEMENT

AIA Philippines adopted the AIA Guidelines on Contract Management which aims to support the AIA Group in developing a sound, consistent, and effective approach to manage its diverse range of contracts. It deliberately focuses on the activities associated with the operational phase of the contract, from negotiations until after the contract has been awarded and is executed. To facilitate proper implementation, the company-appointed records coordinators are tasked to oversee the strict implementation of these guidelines.

Record Coordinators are required on a yearly basis to submit a Certification that the following have been completed/ performed:

1. Contract Register has been reviewed and is certified to be complete upon submission to the Records Manager.
2. Contract in the submitted contract register have been reviewed by the Legal Department.
3. Contracts are in place for all transactions/ engagements/ undertakings/ agreements.
4. Contracts are executed in the best interest of the company.
5. Contracts are signed by authorized signatories.
6. Terms and Conditions specified in the contracts are complied with.
7. All contracts follow proper safekeeping as specified in AIA Philippines' Contract Management Guidelines (both physical and electronic copies).

## EMPLOYEE WELFARE

### SAFE, HEALTHY AND SECURE WORKPLACE

AIA Philippines is a Safe, Healthy, and Secure Workplace. It observes Occupational Safety, Security, and Health Standards being promoted by the Department of Labor and Employment. AIA Philippines conducts its business in a manner that protects the health, safety, and security of its employees and customers.

Promptly reporting to management or to the appropriate Corporate Security Personnel the situations that may pose health, safety, security, and environmental hazards is mandated. Employees are encouraged to notify management or Corporate Security of any issue that may impact the company's security, fire and life safety, or emergency readiness.

Using, selling, possessing, or working under the influence of illegal drugs at AIA Philippines is strictly prohibited. At the same time, use of alcohol while conducting business for AIA Philippines is also prohibited.

AIA Philippines abides by local labor and employment laws including those addressing discrimination and harassment. The Code of Conduct also mandates that employees treat each other with respect, including valuing each other's differences and respecting each other's opinions.

Physical security systems reduce the risk of exposure. Entry controls are implemented to ensure the company's safety, security, and protection. Wearing of ID is strictly observed.

AIA Philippines respects the personal information and property of employees. Employees expect the company to carefully maintain the personal information they provide. Employee trust must not be compromised by disclosing this information other than to those with a legitimate need to know.

Access to personal information or employee property is only authorized for appropriate personnel with a legitimate reason to access such information or property. From time to time, AIA Philippines may access and monitor employee internet use and communications to assess compliance with laws and regulations, policies, and behavioral standards. Subject to local laws, employees will have no expectation of privacy with regard to workplace communication or use of AIA and AIA Philippines' information technology resources.

### DISCIPLINARY GUIDELINES

The Company takes appropriate action against erring employees who violate company policies and procedures or have exhibited any aberrant behavior. Violating applicable laws, regulations, or the Company's Code of Conduct, or encouraging others to do so may result in disciplinary action. Failing to promptly report known violations by others may also be a violation of the Code of Conduct.

### MARKET CONDUCT GUIDELINES

AIA Philippines envisions itself as having one of the highest sales standards in the life insurance industry in the Philippines. All sales personnel are expected to conduct their business with the highest level of professionalism, ethical

conduct, and personal integrity to protect the policyholders and the insuring public. AIA Philippines will not tolerate any less.

The Market Conduct Guidelines is used as a guide by all sales personnel in the conduct of their business and aid in the determination of what would be deemed proper conduct and behavior. It will apply equally and consistently to the conduct of life insurance business practices and the sale of all financial products. Any breach of the Market Conduct Guidelines may result in the imposition of a penalty on offender or violator. Compliance with these guidelines does not ensure a continued contractual relationship with AIA Philippines. The Company reserves the right at all times to terminate the employment contract of any sales personnel in accordance with the terms of the contract entered into between AIA Philippines and the sales personnel.

The Market Conduct Committee evaluates all complaints and determines whether a sales personnel has committed any wrongdoing. Any sales personnel found guilty of any market conduct-related offense is subjected to appropriate sanctions. This Committee administers the rules of the Market Conduct Guidelines, company policies and other guidelines, and provides assistance to the Board of Directors and Company's management to enable AIA Philippines to continue operating according to the highest ethical business standards and the applicable laws and regulations.

### **THE SALES CODE OF DISCIPLINE**

In pursuit of building and promoting professionalism and having one of the highest sales ethical standards in the life insurance industry, it is the policy of the Company to set up measures of conduct and standards of behavior to instill discipline among its sales force.

In promoting professionalism among sales personnel and moving towards self-regulation, the Insurance Commission and the Philippine Life Insurance Association support the use of penalties, sanctions or a combination of both as the Company deems fit.

The AIA Philippines Sales Code of Discipline contains penalties associated with the breach of company policy, the market conduct guidelines, employment contract, laws, and regulations.

The objective is to establish uniform disciplinary sanctions among all sales personnel and adopt a systematic and equitable procedure in administering corrective measures. The sanctions, which may range from Written Reprimand to Termination of Contract, are applied accordingly depending on the gravity of the offense and as deemed appropriate by the Company.

## **REPRESENTING THE COMPANY'S BRAND**

### **SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES**

AIA Philippines contributes positively to the social and economic development of the communities in which it operates, with support extended to people and communities in need. AIA Philippines and its employees volunteer time and funds to programs that promote health, financial literacy, education, and other community needs. AIA Philippines is committed to reducing the impact of its operations on the environment and raising awareness about sustainability by taking part in activities that highlight these issues.

In 2021, AIA Philippines provided free COVID-19 death benefit cover for thousands of customers of AIA Philippines and its partners.

AIA Philippines recognizes the value of social media to engage with stakeholders in innovative and interactive ways. When using social media, every employee must conduct themselves professionally.

The Social Media Policy and Guidelines are intended to provide guidance to all AIA and AIA Philippines employees and agents on how to use social media to market the AIA brand. It also provides guidelines on the basic principles employees should follow when using social media in a professional capacity or in a personal capacity where it may affect an employee's performance or AIA's business interests. The guidelines also apply to any comments employees may make or leave on other social media pages, edits to wikis, responses to tweets, postings on message boards/ fora, opinions on online polls or any product/ services AIA might create. Any breaches of the policy could lead to disciplinary action including dismissal.

## **RISK**

### **ENTERPRISE RISK MANAGEMENT**

#### **ENHANCING VALUE BY ENSURING STABILITY**

AIA Philippines 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 prescribes how risks are defined, measured, managed and mitigated.

The Company operates using the three lines of defense model

in running its Risk Management Framework (RMF). A very important characteristic of the model is to define primary risk ownership by the business areas to drive a strong culture of ethics and accountability in the way business is conducted day to day. In this way, risks are identified and mitigated early and comprehensively as they emerge.

The RMF is governed by the Company's Risk Management Committee (RMC), which oversees and reviews both financial and operational risks, and ensures that appropriate risk policies and mitigation measures are in place. The RMC reports to the AIA Philippines Board Risk Committee (BRC) which is responsible for oversight of the Company's risk management activities. The BRC determines the Risk Appetite, the Risk Management Statement, and the Risk Management Framework of AIA Philippines, and advises and assists the Board of Directors in the review and approval of these matters.

The RMF is brought down to operating level with the institutionalized Functional Unit Risk Management Meeting (FuRMM) which run regularly in each unit to regularly prompt focused consideration of risks and regulatory compliance impacting the area in scope. This committee is chaired by the risk owner of each of the functional units.

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 they may be managed effectively. The RICOs also run FuRMMs 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.

Risk awareness and advocating early identification, reporting, and management of risks are embedded in the employees' performance management process with specific and measurable key risk indicators (KRIs).

The Group operates under a "Three Lines of Defence" governance model.

The First Line is made up of Risk Owners who underwrite risks through product development, investment of asset portfolios, structural allocations and other key business operations. The First Line is responsible for operating within the RMF, with oversight performed by the Second Line, and approved by the BRC and Board, ensuring risk and returns are well understood and optimized throughout the decision-making process. The First Line has the responsibility to operate a robust control environment for their functional areas as evidence of ownership and accountability over operational and compliance risks.

The Risk and Compliance Function acts as the Second Line of Defense as it implements the RMF, a method to identify, quantify, and mitigate risks within the company; and ensuring it remains effective. While the First Line is empowered with decision-making authority on exception procedures and approvals, the Second Line endorses these decisions and provides independent oversight, challenge and advice.

An independent Audit Function acts as the Third Line of Defense to provide the Board of Directors insights on risk control effectiveness. Group Internal Audit (GIA) is responsible for providing independent assurance over the effectiveness of the RMF, including key Internal Controls, and makes recommendations based on audit findings.

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.

### MANAGING FINANCIAL RISKS

AIA Philippines manages its exposure to financial risk within tolerances agreed by the Board and the RMC. As an internal control procedure, risk metrics, risk tolerances, and limits were set to monitor risk exposure and to ensure that the Company is operating within the Risk Appetite. Financial risk is also managed by periodically running specific scenario-modelling exercises.

Financial risk is subdivided into solvency risk, credit risk, market risk, and liquidity risk. Solvency is subjected to stress tests against macroeconomic, portfolio performance and operational process shocks to ensure capital adequacy.

The primary source of credit risk is the investment portfolio, but such risk could also arise through reinsurance, procurement, and treasury activities. Credit risk management to financial creditors are subjected to robust internal ratings of all counterparties. The BRC approves a matrix of risk tolerances that ensures that credit risk in the investment portfolio is contained within the Risk Appetite. These limits cover individual counterparty, segmental concentration, and cross-border exposures. The Investments Team has discretion to shape the portfolio within these credit limits, seeking further approvals through the risk governance framework. If certain investments are technically within credit limits but with specific concerns, these are brought to the attention of the RMC or the Investments Committee, as appropriate.

Market risk is the risk of financial loss from adverse movements in the value of assets owing to market factors, including changes in interest and foreign exchange rates, as well as movements in the spread of credit instruments to corresponding bonds, "Credit Spread Risk" and in equity and

property prices. The BRC approves policies and metrics used in evaluating market risk exposures. The various Market Risks are managed differently, as follows:

**Interest Rate Risk:** by ensuring appropriate insurance design and underlying assumptions as part of the product approval process and by matching, to the extent possible and appropriate, the duration of investment assets with the duration of insurance liabilities. Interest Rate Risk arises from any difference between the duration of the company's liabilities and assets, in particular in relation to the reinvestment of maturing assets to meet commitments, predominantly in insurance liabilities. This exposure can be heightened in products with inherent options or guarantees.

**Credit Spread Risk:** by focusing on the overall quality and diversification of the Company's investment portfolios and avoid excessive volatility in their mark-to-market value. Credit Spread Risk arises from changes in the market value of non-government securities as a result of a change in perception as to their likelihood of repayment.

**Equity Price Risk:** by managing concentrations and volatility in the Company's equity exposures, which are included in the aggregate exposure reports on individual counterparties to ensure concentrations are avoided. Equity Price Risk arises from changes in the market value of equity securities and equity funds. Investment in equity set on a long-term basis is expected to provide diversification benefits and improve returns.

**Foreign Exchange Rate Risk:** by matching assets and liabilities by currency. Foreign Exchange Risks arise from the translation of dollar-denominated assets and liabilities to local currency for financial reporting purposes.

**Liquidity Risk** occurs in two ways: Financial Liquidity Risk and Investment Liquidity Risk. Financial Liquidity Risk is managed by determining limits for the Company's activities to ensure that sufficient cash is available to meet payment obligations to counterparties when they fall due. Investment Liquidity Risk is managed through continuous assessment of the relative liquidity of the Company's assets and managing the size of individual holdings through limits.

### **MANAGING OPERATIONAL RISKS**

Operational Risk is managed using the Operational Risk and Control Framework (ORCF) which provides the risk taxonomy defining the common sources of control failures known as Key Operational Risk (KOR). Business Units regularly assess the KORs applicable to their operations to identify vulnerabilities so any incremental control requirements may be addressed. An executive is assigned to own KORs to monitor and ensure appropriate controls are implemented.

KORs is divided into nine domains: Conduct; Execution, Delivery and Process Management; External Event; Financial Crime; Fraud; People; Information; Technology; and (9) Legal and Compliance. These KORs are defined to greater granularity in each impacted business unit together with the effectiveness of applicable controls.

Key Risk Indicators were developed to support ongoing monitoring in order to flag emerging concerns.

The use of the ORCF helps the Company identify focus areas of vulnerability to ensure timely and appropriate remediation that may be deployed as issues emerge.

### **MANAGING PRODUCT RISK**

The development, pricing and underwriting of products must have regard to the following over-arching principles:

**Purpose.** Products must serve a defined business purpose.

**Compliance.** Products must comply with all applicable laws, regulations and internal policies.

**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.

**Profitability.** Products should generate reasonable profit to the company at a reasonable pace.

**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 an unreasonable period.

**Sustainability and Risk Management.** Products should remain profitable within a reasonable range of adverse deviations from pricing assumptions. 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.

### **AUDIT AND RELATED PARTY TRANSACTIONS (RPT) COMMITTEE**

The Audit and Related Party Transactions (RPT) Committee of AIA Philippines is an independent committee formed by the Board of Directors to assist the Board in the performance of its duties and responsibilities, specifically in ensuring that governance, internal controls, and risk management systems of the Company are in place.

In 2021, the Audit and RPT Committee members were composed of independent directors: Antonino Aquino as the Chairman, and Joaquin Quintos IV and Francis Estrada as members. Each Audit and RPT Committee member met the necessary requirements of the Securities and Exchange Commission, the Revised Code of Corporate Governance and other applicable laws and regulations in the Philippines. See Section IX for the profile of the Audit and RPT Committee members.

The Audit and RPT Committee has adopted formal terms of reference (Terms of Reference for the Audit and RPT Committee) to detail its responsibility for oversight of the Company's corporate governance process. The Committee, while exercising its oversight role, relies on the expertise of the Company's management and works with Group Internal Audit – Philippines (GIAPH) and External Auditors, Isla Lipana & Co./PricewaterhouseCoopers, to ensure the integrity of the financial statements and the continuous review of the Company's governance process, risk management and internal controls including compliance with the law and relevant standards.

The Audit and RPT Committee, in accordance with its responsibilities outlined in the Terms of Reference for the Audit and RPT Committee, developed an annual calendar and meeting agenda for 2021. From 1 January to 31 December 2021, the Audit and RPT Committee met four times. In these meetings, the Audit and RPT Committee met with Senior Management, GIAPH, the Compliance Office and the Company's External Auditors. Among the agenda items discussed were the approval of the Annual Audit plan, Group Internal Audit updates, results of Compliance reviews, approval of significant related party transactions and updates from the External Auditors. Group Internal Audit updates include the results of completed audit projects, the status of the audit plan, and tracking of open issues. In 2021, the Audit and RPT Committee also met separately with GIAPH and the External Auditors without management being present.

### GROUP INTERNAL AUDIT

The Terms of Reference for the Audit and RPT Committee provides the Committee the authority to organize an internal audit function, and to approve the appointment, resignation and dismissal of an independent internal auditor as well as the terms and conditions of appointment and dismissal, in consultation with the AIA Group Head of Internal Audit. The internal audit function of AIA Philippines is carried out by GIAPH.

GIAPH's mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls, and governance processes, and appropriately challenge executive management to improve the effectiveness of these processes. GIAPH is directly overseen and supported by the AIA Group Internal Audit, reports functionally to the Audit and RPT Committee and ad-

ministratively to the AIA Philippines Chief Executive Officer. GIAPH adopts a risk-based audit plan which considers the significant risks affecting the strategies and key objectives of the Company. These risks include financial, operational, compliance and industry's emerging risks, among others. In finalizing the audit plan of GIAPH, input and expectations from key stakeholders are considered prior to the final approval by the Audit and RPT Committee. The Audit and RPT Committee ensures that GIAPH is authorized to have complete and unrestricted access to any of AIA Philippines' records, properties and employees in the discharging of their responsibilities.

The Head of GIAPH, on behalf of GIAPH, is responsible for reporting the result and status of internal audit work to the Audit and RPT Committee on a regular basis. In overseeing the internal audit function, the Audit and RPT Committee is actively involved in approving the audit plan including any subsequent changes, assessing the result of audit engagements and monitoring the resolution of key issues identified. The Audit and RPT Committee is aware of the process by which assessment of the effectiveness of internal controls, risk management, financial reporting, and information technology security are conducted.

### ENGAGEMENT OF EXTERNAL AUDITORS

The Audit and RPT Committee, on behalf of the Board of Directors, is responsible for the appointment, re-appointment, or removal of the External Auditors. For 2021, the Audit and RPT Committee has approved the re-appointment of Isla Lipana & Co./PricewaterhouseCoopers as the External Auditor. The Audit and RPT Committee has reviewed and approved accordingly the scope and coverage of the Statutory Audit for 2021. Although Management has the primary responsibility for the financial statements and the reporting process, the Audit and RPT Committee, having the oversight role, has noted and reviewed the audited financial statements for the calendar year 2021. The Audit and RPT Committee concurred and accepted the conclusion of the External Auditors on the financial statements and was satisfied that the financial statements were in compliance with Philippine Financial Reporting Standards as assessed by the External Auditors.

For 2021, the audit fees of Isla Lipana & Co./PricewaterhouseCoopers amounted to seven million seven hundred thirty-four thousand and nine hundred sixty-three Philippine Pesos (PHP7,734,963), exclusive of out-of-pocket expenses and value added tax (VAT). There were no non-audit fees paid to Isla Lipana & Co./PricewaterhouseCoopers for 2021.



HEALTHIER, LONGER,  
BETTER LIVES

# AUDITED FINANCIAL STATEMENTS







**AIA Philippines Life and General Insurance Company, Inc.**  
 (formerly The Philippine American Life and General Insurance Company)

16F – 18F Philam Life Head Office  
 Six/NEO (formerly Met Lima Building)  
 5<sup>th</sup> Avenue cor. 26<sup>th</sup> Street  
 Bonifacio Global City, Taguig 1634, Philippines  
 T: (632) 8521 6300 / (632) 8526 9200

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
 FOR FINANCIAL STATEMENTS**

The Management of AIA Philippines Life and General Insurance Company, Inc. (formerly The Philippine American Life and General Insurance Company) (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

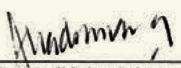
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature   
 Mr. Wing Shing Chan  
 Chairman of the Board

Signature   
 Mr. Chee Keong (Kelvin) Ang  
 President and Chief Executive Officer

Signature   
 Mr. Gary Ogilvie  
 Chief Financial Officer

Signed this \_\_\_\_ day of \_\_\_\_

AIA Philippines Life and General Insurance Company, Inc., with trade name AIA Philippines, is a Corporation registered and operating under the laws of the Philippines.

## Statements of Financial Position

As at December 31, 2021 and 2020  
(All amounts in thousands of Philippine Peso)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	4,668,833	4,882,391
Insurance receivables, net	21,526,512	17,483,827
Financial assets at fair value through profit or loss	67,920,812	63,545,661
Available-for-sale financial assets	146,978,589	164,516,396
Loans and receivables, net	14,543,365	20,072,704
Accrued income	2,735,658	3,086,256
Investments in subsidiaries and associates	3,185,985	3,197,523
Investment properties	6,530,170	6,560,685
Property and equipment, net	3,027,066	2,810,234
Other assets, net	5,610,065	5,478,812
<b>Total assets</b>	<b>276,727,055</b>	<b>291,634,489</b>
<b>Liabilities and Equity</b>		
Insurance contract liabilities, net	165,170,239	175,614,254
Policyholders' dividends	7,331,710	7,146,352
Liabilities for supplementary contracts	616,517	659,854
Premium deposit fund	756,563	935,037
Insurance payables	21,136,995	17,355,101
Accounts payable and accrued expenses	6,065,125	5,678,741
Deferred income tax liabilities, net	901,950	1,056,697
Other liabilities	2,536,049	2,989,323
<b>Total liabilities</b>	<b>204,515,148</b>	<b>211,435,359</b>
Share capital	2,000,000	2,000,000
Contributed surplus	25,000	25,000
Treasury shares	(109,832)	(109,832)
Reserves	9,003,502	-15,817,729
Retained earnings	61,293,237	62,466,233
<b>Total equity</b>	<b>72,211,907</b>	<b>80,199,130</b>
<b>Total liabilities and equity</b>	<b>276,727,055</b>	<b>291,634,489</b>

## Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020  
(All amounts in thousands of Philippine Peso)

	2021	2020
<b>Premiums and Other Income</b>		
Gross premiums on insurance contracts	17,334,104	18,516,237
Reinsurers' share of gross premiums on insurance contracts	(1,306,306)	(1,750,191)
Net insurance premiums	16,027,798	16,766,046
Investment income	11,628,659	11,655,500
Fee income from unit-linked funds	1,329,638	1,209,017
Fair value losses, net	(558,127)	(2,842,226)
Realized gains on sale of available-for-sale financial assets, net	4,540,896	908,549
Foreign exchange gains (losses), net	2,275,070	(2,059,404)
Other (loss) income, net	(270,353)	69,402
<b>Total premiums and other income</b>	<b>34,973,581</b>	<b>25,706,884</b>
<b>Expenses</b>		
Benefits and claims paid on insurance contracts, net	13,320,596	11,885,084
Change in insurance contract liabilities, net	1,732,715	1,262,578
Commissions and other acquisition expenses	1,123,360	1,180,928
General and administrative expenses	4,011,497	3,380,612
Investment expenses	758,418	976,688
Insurance taxes, licenses and fees	209,666	239,943
<b>Total expenses</b>	<b>21,156,252</b>	<b>18,925,833</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>13,817,329</b>	<b>6,781,051</b>
INCOME TAX EXPENSE	1,138,820	1,289,472
<b>NET INCOME</b>	<b>12,678,509</b>	<b>5,491,579</b>
<b>Other Comprehensive Income (Loss)</b>		
Item that will be subsequently reclassified to profit or loss		
Net fair value changes on available-for-sale financial assets	(17,374,698)	9,253,539
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of insurance contract liabilities	10,263,713	(16,511,178)
Remeasurement of retirement and other postemployment benefit schemes	299,431	(348,947)
Fair value gains on property and equipment, net of tax	585	7,120
<b>Total other comprehensive loss</b>	<b>(6,810,969)</b>	<b>(7,599,466)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>5,867,540</b>	<b>(2,107,887)</b>

## Statement of Changes in Equity

For the years ended December 31, 2021 and 2020  
(All amounts in thousands of Philippine Peso)

	Share capital	Contributed surplus	Treasury shares	Reserves	Retained earnings	Total equity
<b>BALANCES AS AT JANUARY 1, 2020</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>23,413,288</b>	<b>65,873,064</b>	<b>91,201,520</b>
<b>COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>						
Net income for the year	-	-	-	-	5,491,579	5,491,579
Other comprehensive loss	-	-	-	(7,599,466)	-	(7,599,466)
	-	-	-	(7,599,466)	5,491,579	(2,107,887)
<b>TRANSACTIONS WITH OWNERS</b>						
Dividend payment	-	-	-	-	(8,898,410)	(8,898,410)
Cost of share-based payments	-	-	-	3,907	-	3,907
	-	-	-	3,907	(8,898,410)	(8,894,503)
<b>BALANCES AS AT DECEMBER 31, 2020</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>15,817,729</b>	<b>62,466,233</b>	<b>80,199,130</b>
<b>COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>						
Net income for the year	-	-	-	-	12,678,509	12,678,509
Other comprehensive loss	-	-	-	(6,810,969)	-	(6,810,969)
	-	-	-	(6,810,969)	12,678,509	5,867,540
<b>TRANSACTIONS WITH OWNERS</b>						
Dividend payment	-	-	-	-	(13,851,505)	(13,851,505)
Cost of share-based payments	-	-	-	(3,258)	-	(3,258)
	-	-	-	(3,258)	(13,851,505)	(13,854,763)
<b>BALANCES AS AT DECEMBER 31, 2021</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>9,003,502</b>	<b>61,293,237</b>	<b>72,211,907</b>

## 28 Related party transactions

In addition to the Ultimate Parent Company, Parent Company, the Company's subsidiaries and associates and BIMl-managed funds owned by PAMI, the Company transacts with the following related parties in the normal course of conducting its business regardless of whether a price is charged:

Related party	Relationship
AIA Re	Related entity under common control of the Ultimate Parent Company
AIA Shared Services (Hong Kong) Limited	Related entity under common control of the Ultimate Parent Company
AIA IT Guangzhou Co. Ltd.	Related entity under common control of the Ultimate Parent Company
AIA IT (Beijing) Co. Ltd.	Related entity under common control of the Ultimate Parent Company
AIA Shared Services Sdn. Bhd.	Related entity under common control of the Ultimate Parent Company
AIA Investment Management Private Limited	Related entity under common control of the Ultimate Parent Company
AIA Singapore Private Limited	Related entity under common control of the Ultimate Parent Company
Tower Club, Inc. ("TCI")	Related entity under common control through PPC
Philamlife Tower Condominium Corporation	Other related entity
Philam Foundation Inc. ("PFI")	Other related entity

### 28.1 Summary of transactions with related parties

The significant related party balances and transactions as at and for the years ended December 31 are summarized as follows:

#### 28.1.1 Insurance activities with related parties

As part of the Company's insurance business, the Company entered into various reinsurance agreements with its related parties.

	2021		2020	
	Transactions during the year recognized in profit or loss	Outstanding net balances at December 31	Transactions during the year recognized in profit or loss	Outstanding net balances at December 31
Parent Company				
Premiums ceded	11,128	(9,886)	40,343	8,877
Benefits ceded	383		(18,528)	
Commissions ceded	(1,792)		(5,171)	
Related entities under common control of the Ultimate Parent Company				
Premiums ceded	3,931,110	712,541	1,140,319	182,474
Benefits ceded	(2,634,224)		41,490	
Commissions ceded	(545,034)		(747,221)	
Subsidiaries				
Premiums assumed	(212,007)	(1,195,963)	(200,186)	(1,605,630)
Benefits assumed	(85,569)		195,913	
Commissions assumed	165,226		156,995	

The Company entered into a coinsurance agreement with AIA Re (as reinsurer) which required the Company to hold certain amounts (funds withheld) on behalf of AIA Re. As at December 31, 2021, funds withheld for AIA Re amounts to P20,764.2 (2020 - P16,321.2).

### 28.1.2 Investment and financing activities with related parties

	2021		2020	
	Transactions during the year recognized in profit or loss	Outstanding net balances at December 31	Transactions during the year recognized in profit or loss	Outstanding net balances at December 31
Ultimate Parent Company				
Notes receivable				
Principal*	-	32,238,382	-	31,173,430
Interest*	(950,644)	258,189	(961,806)	243,192
Parent Company				
Dividends paid to Parent Company	13,851,495	-	8,898,403	-
Related entities under common control of the Ultimate Parent Company				
Investment management fees	37,484	(4,056)	50,684	-
Subsidiaries				
Capital infusion	50,000	-	-	-
Mortgage and other loans				
Principal	(61,824)	390,855	(84,006)	452,678
Interest	(31,576)	149,714	(36,744)	142,893
Dividend income from subsidiaries	1,269,711	208,816	242,932	200,036
Investment management fees			(57,209)	-
Managed funds				
Purchases	5,574,583	52,683,138	6,305,742	47,703,663
Disposals	(399,551)	-	(320,264)	-

\*Includes impact of foreign currency revaluation

- (a) The Company invested in medium-term notes issued by AIAGL. These are classified as part of AFS financial assets. The notes will mature on various dates ranging from 2023 to 2027 and bear interest based on LIBOR.
- (b) The Company entered into various loans payable on demand with PRC for operations and investments purposes which bears interest of 6% paid semi-annually and matures in 2027. The Company also has a secured loans receivable from KRC which bears annual interest of 15.5% and matures in 2025 (with a two-year grace period on the principal. The parcel of land owned by KRC (2020 - P43.5 million fair market value), which is used as a collateral for the loan, was sold in 2021 and the proceeds of such sale is intended for payment of KRC loan to the Company.

The movement in the loan balance for the years ended December 31 follow:

	PRC	KRC	Total
As at January 1, 2020	522,687	13,997	536,684
Principal repayment	(82,427)	(1,579)	(84,006)
As at December 31, 2020	440,260	12,418	452,678
Principal repayment	(60,000)	(1,824)	(61,824)
As at December 31, 2021	380,260	10,594	390,854

- (c) The Company invests in mutual funds of PAMI and are classified as AFS financial assets with mark-to-market movements taken up directly to equity until 2019. The Company pays BIMl management fees for BIMl's services as an investment manager of the Company's investments since 2020.

### 28.1.3 Shared service activities and other transactions with related parties

Transactions under this category include non-interest-bearing cash advances to and from subsidiaries and entity under common control for payment of other expenses, rental, management and other service fees, and donations.

	2021		2020	
	Transactions during the year recognized in profit or loss	Outstanding net balances at December 31	Transactions during the year recognized in profit or loss	Outstanding net balances at December 31
Ultimate Parent Company				
Shared services and other charges	50,216	(19,600)	60,090	(15,262)
Parent Company	409,291	(137,524)	581,957	(185,346)
Related entities under common control of the Ultimate Parent Company	993,275	(241,129)	569,265	(75,626)
Subsidiaries	(1,273,999)	73,995	(1,388,007)	31,486
Common control through PPC	(39)	19	-	-
Other related entity	8,706	181	5,661	415

**28.2 Reconciliation of outstanding related party balances**

The outstanding balances arising from transactions with related parties are unguaranteed and unsecured (except for collateralized loans receivable), non-interest-bearing (other than loans and notes receivable which are interest-bearing) and are payable on demand (except those with fixed maturity/repayment dates). The amounts will be settled in cash at gross amounts. There are no guarantees provided arising from transactions with related parties. No provision for impairment has been made for amounts owed by related parties since collection is deemed to be reasonably certain.

The significant related party balances and transactions as at and for the years ended December 31 are summarized as follows:

*(a) Receivable balances arising from:*

	Insurance activities	Investment and financing activities	Shared service activities and other transactions	Total
<b>December 31, 2021</b>				
Ultimate Parent Company	-	32,496,571	-	32,496,571
Parent Company	504	-	-	504
Related entities under common control of the Ultimate Parent Company	21,268,280	-	-	21,268,280
Subsidiaries	217,187	749,385	153,589	1,120,161
Managed funds	-	52,683,138	-	52,683,138
Common control through PPC	-	-	19	19
Other related entity	-	-	181	181
	21,485,971	85,929,094	153,789	107,568,854
<b>December 31, 2020</b>				
Ultimate Parent Company	-	31,416,622	-	31,416,622
Parent Company	3,351	-	-	3,351
Related entities under common control of the Ultimate Parent Company	16,442,751	-	-	16,442,751
Subsidiaries	408,210	795,607	53,546	1,257,363
Other related entity	-	-	415	415
Managed funds	-	47,703,663	-	47,703,663
	16,854,312	79,915,892	53,961	96,824,165

Receivable balances are included under the following accounts in the statement of financial position as at December 31:

	2021	2020
Financial assets at FVTPL	52,683,138	47,703,663
AFS financial assets	32,238,382	31,173,430
Insurance receivables, net	21,485,971	16,854,310
Loans and receivables, net	753,460	706,676
Accrued income	407,903	386,086
	107,568,854	96,824,165

*(b) Payable balances arising from:*

	Insurance activities	Investment and financing activities	Shared service activities and other transactions	Total
<b>December 31, 2021</b>				
Parent Company	10,390	-	137,524	147,914
Related entities under common control of the Ultimate Parent Company	20,555,739	4,056	241,129	20,800,924
Subsidiaries	1,413,150	-	79,594	1,492,744
	21,979,279	4,056	477,847	22,461,182
<b>December 31, 2020</b>				
Ultimate Parent Company	-	-	15,262	15,262
Parent Company	(5,526)	-	185,346	179,820
Related entities under common control of the Ultimate Parent Company	16,260,277	-	75,626	16,335,903
Subsidiaries	2,013,840	-	22,060	2,035,900
	18,268,591	-	298,294	18,566,885

Payable balances are included under the following accounts in the statement of financial position as at December 31:

	2021	2020
Insurance payables	22,522,224	18,475,801
Accounts payable and accrued expenses	481,903	298,294
Insurance contract liabilities	(542,945)	(207,210)
	22,461,182	18,566,885



### 28.3 Transactions with key management personnel and employee retirement funds

Key management personnel of the Company include all officers with the rank of Vice-President and up.

The salaries, wages and other employment benefits paid to the Company's key management personnel for the years ended December 31 follow:

	2021	2020
Salaries, wages and other benefits, including share-based compensation	485,139	506,040
Retirement benefits	55,577	50,711
	540,716	556,751

As at December 31, 2021 and 2020 no outstanding receivables from key management personnel. There are no payable balances due to key management as at December 31, 2021 and 2020.

For the year ended December 31, 2021, the total remuneration of the Company's directors is P6.96 million (2020 - P8.24 million).

The Company's transaction with the employee retirement funds for the years ended December 31, 2021 and 2020 are limited to contributions and benefit payments to retiring employees.



## ABOUT AIA PHILIPPINES

AIA Philippines (AIA Philippines Life and General Insurance Company, Inc.), formerly AIA Philam Life (The Philippine American Life and General Insurance Company), is the country's premier life insurance company. Originally established on 21 June 1947 as Philam Life, AIA Philippines has earned the trust of customers for its financial strength, strong brand name, and ability to deliver on its promises.

AIA Philippines has PHP276.73 billion in total assets<sup>1</sup> and PHP72.21 billion in net worth<sup>2</sup> as of 31 December 2021 while serving almost 800,000 individual policyholders and nearly 800,000 insured group members.

AIA Philippines understands the needs of its customers and provides holistic solutions that include life protection, health insurance, savings, education, retirement, investment, group, and credit life insurance. It also offers bancassurance through its subsidiary, BPI AIA Life Assurance Corporation (formerly BPI-Philam Life Assurance Corporation).

Based on the Insurance Commission results as of 31 December 2021, the combined total premium income of AIA Philippines and BPI AIA was at PHP33.91 billion.

AIA Philippines is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.

## ABOUT AIA

AIA Group Limited and its subsidiaries (collectively "AIA" or the "Group") comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR<sup>3</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR<sup>4</sup>, and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$340 billion as of 31 December 2021.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 39 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code "1299" with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: "AAGIY").

<sup>1</sup> Based on the 2021 annual accounts Securities and Exchange Commission (SEC) filing.

<sup>2</sup> Based on the 2021 annual accounts Securities and Exchange Commission (SEC) filing.

<sup>3</sup> Hong Kong SAR refers to Hong Kong Special Administrative Region.

<sup>4</sup> Macau SAR refers to Macau Special Administrative Region.



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**AIA Philippines Life and General Insurance Company Inc.**

16F – 18F AIA Philippines Head Office, Six/NEO (formerly Net Lima Building)

5th Avenue cor. 26th Street, Bonifacio Global City, Taguig 1634, Philippines

Tel: (632) 8521 6300 / (632) 8526 9200 Email: [customerservice.ph@aia.com](mailto:customerservice.ph@aia.com) Web: [aia.com.ph](http://aia.com.ph)

Customer Hotline: (632) 8528 2000

    AIA Philippines