



**AIA PHILIPPINES LIFE AND GENERAL INSURANCE COMPANY INC.**

**BOARD CHARTER**

**AIA Philippines Restricted and Proprietary Information**

## Document Details\*

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<b>Related Policies and Standards</b>	AIA Philam Life Revised Corporate Governance and Procedure Manual

## VERSION CONTROL\*

Version		Approval Date	Approved by
1.0	Aligned with the Revised Corporation Code (Republic Act No. 11232), the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Insurance Commission (IC) Code of Corporate	21 October 2020	Board of Directors

	Governance for IC-Regulated Entities (ICRE), IC Circulars (IC Circular 2020-71) and the Asean Corporate Governance Scorecard (ACGS) Requirements		
2.	Revised item IV (a) Conduct of Meetings to reflect that agenda of meeting and materials be sent to the Board members at least 5 business days from date of meeting; decrease minimum number of meetings from 6 to 4 to align with current practice	23 March 2023  20 April 2023	Corporate Governance Committee  Board of Directors

## DISTRIBUTION LIST

TITLES
Board of Directors
Local Executive Committee
Risk and Compliance Office
Group Internal Audit
Legal and Corporate Secretary

## I. INTRODUCTION

This Charter sets out the roles and responsibilities of the Board of Directors of AIA Philippines Life and General Insurance Company Inc. (the “Company”).

The Board is ultimately responsible 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.

The Board is further responsible for the development and implementation of the Company’s corporate governance practices.

In these matters, the Board provides leadership to the Company through the Chief Executive Officer (the “CEO”).

While the Board assumes these responsibilities on behalf of the Company’s shareholders, the Directors recognize that other stakeholders including the Company’s customers, staff and, ultimately, the general public will benefit from effective commercial performance and enlightened governance processes.

In carrying out its responsibilities under this Charter, the Board will be cognizant of the requirements of all legislation, regulations and statutory standards of the Republic of the Philippines, that apply to the Company and its operations.

Where the Company considers them relevant and appropriate to its operations, it will also observe industry standards, codes and other formal requirements.

## II. CONSTITUTION

The Board of Directors is established by law, the members of which shall be elected or appointed by the stockholders of the Company on an annual basis or as may be necessary, in accordance with the Philippine law.

## III. MEMBERSHIP

- a. The members of the Board of Directors shall be elected by the stockholders and shall be composed of at least eight (8) members, majority of whom shall be preferably composed of non-executive directors and at least three (3) of whom shall be independent directors.
- b. The directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

- c. Non-Filipino citizens may become members of the Board of Directors to the extent of the foreign participation in the equity of the Company, provided, that majority of the directors must be residents of the Philippines.
- d. Each member of the Board of Directors shall serve an initial term of one (1) year or until his/her replacement is duly appointed. The members of the Board may be re-appointed thereafter by the Stockholders.
- e. The Chairperson of the Board shall be appointed by the Board.

#### IV. FREQUENCY OF MEETINGS

- a. The Board of Directors should meet often enough to undertake its role effectively, and schedule to meet not less than four (4) times a year.
- b. In addition, the Chairperson of the Board of Directors may call a meeting if so requested by its members.

#### V. ATTENDANCE AT MEETINGS

- a. The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele/videoconferencing conducted in accordance with the By-Laws of the Company and the rules and regulations of the Insurance Commission (IC) and Securities and Exchange Commission (SEC) except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so.
- b. Each director is encouraged to attend at least 75% of all Board meetings every year, and the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency may be a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediately family, serious accident or other unforeseen or fortuitous events.

Unless otherwise provided by law or the Company By-Laws, majority of the directors shall constitute a quorum to transact corporate business, provided that when a Board decision is required, a minimum quorum of 2/3 of the directors shall be required, except for the election of officers which shall require the vote of majority of all the members of the Board, shall be valid as a corporate act.

The Company Secretary shall ensure that meetings are scheduled and timely communicated to the Board before the start of the financial year. **The Board shall meet regularly, preferably every quarter, but at least four (4) times a year,** at such date, time,

and place to be fixed by the Board. Special meetings may also be convened anytime as the need arises.

The non-executive and independent directors are also encouraged to meet separately at least once a year without the presence of any executives of the Company. The Independent Directors, together with the non-executive directors, are also encouraged to have separate periodic meetings with the external auditors and Head of Internal Audit, compliance and risk functions, without and executive directors present to ensure proper checks and balances are in place within the Company. Such meeting shall be chaired by the lead independent director.

## VI. CONDUCT OF MEETINGS

- a. An agenda and accompanying meeting papers should be sent in full to all members of the Board of Directors in a timely manner and **at least or five (5) business days before the intended date of a meeting of the Board of Directors** (or such other period as agreed by its members).
- b. On a quarterly basis, the agenda of the Board of Directors meetings shall regularly include, among others, the following: Chief Executive Officer/Chief Financial Report; Audit Committee Report; Compliance Report; Related Party Transactions; Risk Committee Report. The Board of Directors, at its discretion, may include and discuss other business, as it deems necessary to perform its functions under these Charter.
- c. Meetings of the Board of Directors may be in person or held through video or teleconference, and all required actions of the Board may be taken through such means provided such actions are approved by a quorum of the Board following notice to each member of the Board of Directors.
- d. Management is obliged to supply the Board of Directors with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than is provided by Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the Management.

## VII. ROLES AND RESPONSIBILITIES OF THE BOARD

### A. Powers

The Directors will exercise the powers of the Company as conferred on them by Revised Corporation Code of the Philippines, the Articles of Incorporation and By-Laws of the Company, and any other relevant legislation.

## **B. Delegation of Authority**

The Board shall delegate authority to the CEO to act on behalf of the Board in the executive management of the Company. Any responsibilities not so delegated by the Board to the CEO remain the responsibility of the Board. The CEO shall make a report to the Board at each meeting on the performance of the business against its business plan, and on any other matters material to the Board's appreciation of the Company's position. In addition, the Board may establish Committees of the Board to assist it in meeting its responsibilities. Each such Committee of the Board shall be given delegated authority to enable it to obtain all information necessary to perform its functions effectively. Charter for each such Committee of the Board will be approved by the Board to set out its role and responsibilities to determine matters relevant to its composition and administration and to deal with any other matters that the Board may consider necessary.

The system of delegation of authority to such Committees and the exercise of that authority is predicated on an assumption that the Board is kept appropriately and fully informed on all material issues. This means that appropriate and sufficiently detailed reports must be furnished at regular intervals in a form, timeframe and quality that enable the Board to discharge its duties effectively. The Board will therefore review the terms of the delegation of authorities not only in light of the affairs of the Company and the performance of its delegates from time to time, but also the quality of information it is receiving from the delegates.

The Board reserves the right to withdraw or change any delegation at any time.

## **C. The Role of the Board**

It is the Board of Directors' general responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and stakeholders.

To ensure a high standard of best practice for the Company and its stockholders and stakeholders, the Board, in addition to and to supplement the duties and responsibilities provided for in the Revised Corporate Governance Manual of the Company, should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

### **1. Strategy and Management**

- 1.1. Responsibility for the overall management of the Company.
- 1.2. Determining the Company's long-term objectives and commercial strategy as a basis for management to develop enterprise strategies, annual business plans and budgets.
- 1.3. Approving of the annual operating and capital expenditure budgets and any material changes to them.

- 1.4. Reviewing performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.5. Overseeing the Company's control and accountability systems.
- 1.6. Ensuring appropriate resources are available for the Company in the pursuit of its strategic objectives.
- 1.7. Ensuring the financial integrity of the Company, including:
  - Monitoring the cash flow position;
  - Monitoring performance of the prudential reserve and approving significant changes to reserve policy;
  - Monitoring investment performance and approving significant changes to investment policy, and
  - Monitoring of the solvency requirement and capital adequacy requirement.

## **2. Structure and Capital**

- 2.1 Material changes relating to the Company's capital structure, including: reduction of share capital; share issues; share buybacks (including the use of treasury shares); and material changes in debt structure.
- 2.2 Major changes to the Company's corporate structure.

## **3. Financial Reporting and Controls**

- 3.1 Approving the preliminary announcements or release of the interim and final results.
- 3.2 Approving the interim and annual report and accounts.
- 3.3 Approving any significant changes in accounting policies or practices.
- 3.4 Determining the overall dividend policy to be followed and approving any interim and final dividend recommendations and any share dividend alternative.



#### **4. Risk**

- 4.1 Approving adequate risk management and internal compliance and control policy and procedures and the monitoring and review of their effectiveness.
- 4.2 Approving any matters materially affecting the Company's overall reputation, including its brand and values.
- 4.3 Ensuring systems exist to enable the Group to comply with all statutory and regulatory requirements and ethical standards.
- 4.4 Ensuring that staff are fully aware of and comply with the AIA Code of Conduct.
- 4.5 Overseeing major litigation.

#### **5. Contracts**

- 5.1 Overseeing major capital projects, investments, acquisitions and disposals.
- 5.2 Approving contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary whether in the ordinary course of business or otherwise.

#### **6. Communication**

- 6.1 Approving resolutions and corresponding documentation to be put forward to shareholders at general meeting.
- 6.2 Ensuring the timely disclosure of the information and transactions to the appropriate parties, as required by applicable laws, ordinances, codes and rules.
- 6.3 Ensuring the timely reporting and the accuracy of the Company's annual report, interim report, other announcements and summaries that are required to be produced.

#### **7. Board Membership and Other Appointments**

- 7.1 Following recommendations from the Governance, Nomination and Compensation Committee, changing the structure, size and composition of the Board (including appointments and removals).
- 7.2 Approving Chairpersonship and membership of Board Committees.
- 7.3 Appointing or removing the CEO.

7.4 Appointing, reappointing or removing the external auditor to be put to shareholders for approval, following recommendation of the Audit Committee.

7.5 Approving or removing Company Secretary

7.6 On a regular basis, assessing the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director.

## **8. Remuneration**

8.1 Following recommendations from the Governance, Nomination and Compensation Committee (as appropriate) in connection with:

- Determining the remuneration policy for such person as shall be nominated as Senior Management (as defined in the charter of the Corporate Governance Committee) which shall be separate from the Director's fees (as referred to below).
- Approving the introduction of share incentive plans or major changes to existing plans

8.2 Determining the Director's Fees payable to Directors for their services as Directors.

## **9. Delegation of Authority**

9.1 Approving the division of responsibilities between the Chairperson and the CEO.

9.2 Approving the primary written delegations of authority for expenditure.

9.3 Delegating responsibility for the overall management and profit performance of the Company, including all operational and administrative matters, to the CEO.

9.4 Approving the Charter of Board Committees that set out their roles and responsibilities, as well as determining matters relative to their composition and administration and any other matters that the Board may consider necessary.

9.5 Receiving minutes and/or reports from Board Committees.

## **10. Corporate Governance Matters**

10.1 Undertaking a formal and rigorous review annually and externally facilitated reviews as appropriate of its own performance, and that of its Committees and individual Directors.

- 10.2 Determining the independence of non-executive Directors.
- 10.3 Receiving reports on the views of the Company's shareholders.
- 10.4 Overseeing corporate governance matters including development, implementation and monitoring of corporate governance policies.
- 10.5 Reviewing the Company's compliance with the Revised Corporate Governance, Policy and Procedures Manual.

## **11. Others**

- 11.1 Approving major changes to the rules of the Company's pension schemes involving significant additional costs, or change of trustees or major changes to the investment strategy.
- 11.2 Ensuring the provision of a safe working environment for staff.
- 11.3 Deciding on any matter that is in excess of the discretions or limits that have been delegated from time to time to the CEO.
- 11.4 Reviewing on a continuing basis the executive succession planning and executive development activities.
- 11.5 Approving matters reserved for the Board

## **VIII. ROLES AND RESPONSIBILITIES OF THE CHAIRPERSON OF THE BOARD**

In addition to the powers and functions provided by the applicable laws, the Company ByLaws and the Revised Corporate Governance Policy and Procedure Manual, the Chairperson of the Board, who shall be a non-executive director, shall also have the following roles and responsibilities:

1. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.
2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

4. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
5. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
6. Makes sure that performance of the Board, the Committees, the Directors, the Chairperson and the CEO is evaluated at least once a year and discussed/followed up on.

## **IX. ROLES AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER**

The CEO, on the other hand, shall exercise general supervision and administration over all the affairs of the Company. In addition to his powers and responsibilities as provided in the applicable laws, the Company By-Laws and the Revised Corporate Governance Manual, he shall also have the following roles and responsibilities:

1. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business.
2. Communicates and implements the Company's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same.
3. Oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan.
4. Ensures having a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose.
5. Directs, evaluates and guides the work of the key officers of the Company.
6. Manages the Company's resources prudently and ensures a proper balance of the same.
7. Provides the Board with timely information and interfaces between the Board and the employees.
8. Builds the corporate culture and motivates the employees of the Company.
9. Serves as the link between internal operations and external stakeholders.

## X. THE CORPORATE SECRETARY

The Corporate Secretary, who is primarily responsible to the Company and its shareholders, and not to the Chairperson and CEO of the Company, shall also have, the following responsibility:

1. Assists the Board and the Board Committees in the conduct of their meetings, including preparing the annual schedule of the Board and Committee meetings and the annual Board Calendar, and assisting the Chairs of the Board and its committees to set agendas for said meetings;
2. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its Committees, as well as other official records of the Company;
3. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
4. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its Committees, and the Board and its stakeholders, including shareholders;
5. Advises on the establishment of Board Committees and their Charter;
6. Informs members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
7. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
8. Performs required administrative functions;
9. Oversees the drafting of the By-Laws of the Company and ensures that it conforms with the requirements of the regulators such as the IC and the SEC;
10. Ensures that all Board procedures, rules and regulations are strictly followed by the members;
11. Ensures proper onboarding of new directors (i.e., orientation on the Company's Business, Manual/Charter, Articles of Incorporation and By-Laws, among others), and annual continuing training for all directors;
12. Performs such other duties and responsibilities as may be provided by the Insurance Commission (IC) and the Securities and Exchange Commission.

## **XI. OTHERS**

### **REPORTING PROCEDURE**

1. Full minutes of the board meetings shall be kept by the Corporate Secretary or a duly appointed secretary of the meeting, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
2. Minutes of meetings shall record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Board for their comment and records respectively, in both cases within a reasonable time after such meetings.
3. The Board shall be fully informed of all board committees' decisions and recommendations and of any material issues regarding conflicts of interest, misconduct, anomalies or material defects in the internal control systems and violations of laws relating to the Company's operations, unless there are legal or regulatory restrictions on its ability to do.
4. A director shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Company. Any director who has personal interest in the transaction shall abstain from the discussion, approval, and management of such transaction or matter affecting the Company.
5. To ensure that the Board continues to fulfill its responsibilities in accordance with best practices and in compliance with the Revised Code of Corporate Governance and other relevant regulatory requirements, the Board shall assess its performance including the Chairperson and individual members, at least annually. The performance evaluation standards that may be developed shall form part of this Charter.
6. Likewise to ensure that the board committees continue to fulfill its responsibilities in accordance with best practices and in compliance with the Revised Code of Corporate Governance and other relevant regulatory requirements, the Board shall also conduct an annual assessment of the overall performance of the board committees and other relevant officers, if necessary.

### **CHARTER AVAILABLE**

7. The Board shall make available this Charter on request and by inclusion on the Company's website.

## **REVIEW**

8. The Chairperson of the Board will be the arbiter for interpretation and/or clarification of this Charter.

This Charter will be reviewed by the Board on a regular basis to ensure that it continues to reflect the requirements of the Company, in the face of on-going challenges in the operating environment.