



# **PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE COMPANY**

## **CORPORATE GOVERNANCE MANUAL**

**May 19, 2009**

## **INTRODUCTION**

The Philippine American Life and General Insurance Company (“Philamlife”) Board of Directors recognizes its responsibility to provide effective corporate governance oversight of the Company’s affairs. Accordingly, the Board has adopted corporate governance guidelines to assist it in the discharge of its duties and responsibilities.

These guidelines are in addition to and are not intended to change any applicable law or regulation, or the Charter or By-laws of the Company. The Board may modify or make exceptions to the Guidelines from time to time in its discretion and consistent with the duties and responsibilities owed to the Company and its shareholders and/or stakeholders.

## **DUTIES AND RESPONSIBILITIES OF PHILAMLIFE BOARD OF DIRECTORS**

In fulfilling its mission, the duties and responsibilities of Philamlife Board of Directors include, but are not limited to, the following:

- Review and approval of strategic and business plans, including operating and capital plans of the Company.
- Oversee the conduct of Philamlife’s business to ensure that the business is being properly managed and dealings with policyholders, claimants, and creditors are fair and equitable.
- Identify principal business risks and ensure the implementation of appropriate risk management system to specifically manage the underwriting, reinsurance, investment, financial, and operational risks of the Company.
- Approve corporate policies in core areas of operations, specifically underwriting, investments, reinsurance, and claims management.
- Develop and implement an investor relations program or adopt shareholder communications policy for Philamlife.
- Review the adequacy and the integrity of Philamlife’s internal control systems and management information systems including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives, and guidelines.
- Declaration of Policyholders dividends.
- Election of Directors to fill vacancies on the Board.
- Election of Philamlife’s Chairman of the Board and Chief Executive Officer
- Planning for succession of the Philamlife Chairman of the Board and Chief Executive Officer
- Determination of compensation for Non-employee Directors.
- Select and appoint officers who are qualified to administer insurance affairs soundly and effectively and to establish an adequate selection process for all personnel.
- Apply fit and proper standards on personnel. It must have integrity, technical expertise, and experience in the institution’s business, either current or planned, which is the key consideration in the selection process.
- Establish an appropriate compensation package for all personnel that are consistent with the interest of all its stakeholders.

- Review and approve material transactions not in the Company's ordinary course of business.
- Establish a system of check and balance which applies to Philamlife Board of Directors and its members.
- Have an appropriate reporting system so that Philamlife Board of Directors can monitor assess and control the performance of Management.
- Present to all its members and shareholders a balanced and understandable assessment of the Company's performance and financial conditions.
- Appoint a Compliance Officer who shall be responsible for coordinating, monitoring, and facilitating compliance with existing laws, rules and regulations.
- Philamlife Board of Directors shall be entitled to the services of a Corporate Secretary who must ensure that all appointments are properly made, that all necessary information are obtained from directors, both for the Company's own records and for the purposes of meetings statutory obligations, as well as obligations arising from the requirements of the Insurance Commission and other regulatory agencies.
- Approval of the Charter, By-laws, Directors Rules and Regulations, Corporate Governance Guidelines, Code of Business Conduct and Ethics, and other corporate governance documents, as may be appropriate, and any amendments thereto, and the fulfillment of all duties and responsibilities set forth therein.
- Such other duties and responsibilities as may be required by applicable law or regulation or Company policy or in connection with a matter over which the Board has authority.

## **PHILAMLIFE BOARD COMPOSITION**

- Philamlife Board of Directors shall be composed of at least nine (9) members elected by shareholders including three (3) independent directors.
- Philamlife Board of Directors shall endeavor a balance composition of executives and non-executive directors, having a clear division of responsibilities such that no individual or small group of individuals can dominate the Board's decision making.
- Philamlife non-executive directors are with sufficient qualifications, stature, and number to carry significant weight in the Boards decision. Non-executive directors are considered by Philamlife Board to be independent and are identified in the Company's Annual Report.
- Non-Filipino citizens may become member of Philamlife Board of Directors to the extent of the foreign participation in the equity of the Company. Provided, that pursuant to Section 23 of the Corporate Code of the Philippines (BP Blg. 68) a majority of the directors are residents of the Philippines.

## **PHILAMLIFE BOARD BALANCE AND INDEPENDENCE**

### **A. Board Balance**

- Philamlife Board of Directors shall endeavor a balance composition of executives and non-executive directors, having a clear division of responsibilities such that no individual or small group of individuals can dominate the Board's decision making.

- Only the Committee Chairman and members are entitled to be present at the Audit, Nomination, and/or Remuneration committee meetings but others may attend at the invitation of a particular committee.
- Philamlife Board shall identify in its Annual Report any non-executive director it considers to be independent.
- Philamlife shall ensure 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 the responsibilities of the director.

**B. Multiple Board Seats**

- The optimum number of directorships shall be generally related to the capacity of a director in performing his duties diligently.
- The CEO and other executive directors shall submit themselves to a low indicative limit (four or lower) on membership in other corporate boards.
- The same low limit also applies to independent non-executive directors who serve as full-time executives in other corporations
- There can be a higher indicative limit (five or lower) for other directors who hold non-executive position in any corporation. In any case, the capacity of directors to serve with diligence shall not be compromised.

**APPOINTMENTS TO PHILAMLIFE BOARD OF DIRECTORS**

- There shall be formal, rigorous, and transparent procedures for the selection and appointment of new directors of the Board.
- Appointments to Philamlife Board of Directors shall be made on merit and subject to objective criteria.
- Careful deliberation and consideration shall be done to ensure that appointees have enough time for the job. This is particularly important in the case of Chairmanship.
- Plans shall be in place for orderly succession to the Board and that of the senior management level in order to maintain a balance of appropriate skills and experiences within the Company.

Board members shall be appointed to the following Committees:

**A. Audit Committee**

Philamlife Audit Committee shall carry out its responsibilities relating to the Company's financial, accounting, and reporting processes, Philamlife's system of internal accounting and financial controls, Philamlife's compliance with related legal and regulatory requirements, and the fairness of transactions between the Philamlife and related parties. In furtherance of this purpose, Philamlife Audit Committee shall have the following responsibilities and authority:

- Shall be comprised of independent board members, preferably with accounting and finance experiences.
- Provides oversight of the Company's internal and external auditors

- It shall be responsible for the setting-up of Internal Audit Department, and the appointment of the internal auditors as well as of independent external auditors
- It shall monitor and evaluate the adequacy and effectiveness of the internal control system of Philamlife.

### ***B. Nomination Committee***

The Committee shall assist Philamlife Board of Directors in carrying out their responsibilities relating to stewardship and governance. In furtherance of this purpose Philamlife Nomination Committee shall have the following responsibilities and authority:

- Shall be composed of at least three (3) members of the Board of Directors, one of whom must be independent.
- Shall review and evaluate qualifications of all persons nominated to Philamlife Board of Directors as well as those nominated to other positions requiring appointment by the Board of Directors. It should prepare a description of the roles and capabilities required of a particular appointment.
- For the appointment of Philamlife Chairman, it should prepare job specifications, including an assessment of the time commitment expected of him, recognizing the need for his availability in the event of crisis. The Chairman's other significant commitments shall also be disclosed to the Board before his appointment and included in the annual report. Any change thereof shall be reported to the Board and included in the next annual report.
- The terms and conditions of appointment of non-executive directors shall be made available for inspection. The letter of appointment shall specify the expected time commitment. They shall undertake sufficient time to meet and do what is expected of them. Their other significant commitments shall be disclosed to the Board before appointments, indicating the time lines and in any case, the Board shall be informed of subsequent changes.
- The Nomination Committee shall consider the following guidelines in the determination of the number of directorship for the Board:
  - i. The nature of the business of the corporation, where he is a director;
  - ii. Age of the director;
  - iii. Number of directorships/active memberships and officerships in other corporations or organizations; and
  - iv. Possible conflict of interest.
- Generally, the optimum number shall be proportional to the capacity of a director to perform his duties diligently.

### ***C. Remuneration Committee***

Philamlife Compensation or Remuneration Committee shall assist Philamlife Board of Directors in carrying out its responsibilities relating to executive and director

compensation. In furtherance of this purpose, the Committee shall have the following responsibilities and authority:

- Philamlife Compensation or Remuneration Committee is composed of at least three (3) members, one of whom is an independent director.
- It shall judge or make plans where to position the company relative to other companies. But such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance.
- It shall delegate responsibilities for setting up remuneration for all executive directors and chairman, including pension rights or any compensation payments,
- It shall also recommend and monitor the level and structure of salaries including remunerations for senior management. The definition of senior management for this purpose shall be determined by Philamlife Board of Directors but would normally include first level management below Board level.

## **MEMBERS OF PHILAMLIFE BOARD OF DIRECTORS**

### **A. QUALIFICATIONS**

#### **a. Directors**

- i. Directors sitting on Philamlife Board of Directors shall be possessed of the necessary skills, competence, and experience, in terms of management capabilities preferably in the field of insurance or insurance-related disciplines. In view of the judiciary nature of insurance obligations, directors shall also be a person of integrity and credibility.
- ii. Every director shall own at least one (1) share of the capital stock of the Company whose share should be in his name and recorded in the books of the Company.
- iii. Each director shall be at least twenty-five (25) years of age at the time of his appointment.
- iv. Each director must have attended a special seminar on Corporate Governance conducted by a training provider accredited by the Insurance Commission.
- v. Philamlife Board of Directors may establish a fixed retirement age policy for directors.

#### **b. Independent Directors**

- i. An independent director shall be one who has not been an officer or employee of Philamlife, its subsidiaries or affiliates or related interest for at least three (3) years immediately preceding his term or incumbency.
- ii. He or she is not related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or majority shareholder of the company or any of its related companies.
- iii. He or she is not a director or officer of the related companies of Philamlife majority shareholders;

- iv. He or she is not a majority shareholder of Philamlife, any of its related companies, or of its majority shareholder;
- v. He or she is not acting as nominee or representative of any director or substantial shareholder of Philamlife, any of its related companies, or any of its substantial shareholders; and
- vi. He or she is free from any business or other relationships with Philamlife or any of its major stockholders which could materially interfere with the exercise of his judgment, i.e., has not engaged and does not engage in any transaction with the institution, or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner director or a shareholder.

## **B. DISQUALIFICATION**

### **a. Permanently Disqualified**

The following shall be grounds for the permanent disqualification of a director:

- i. Any person finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, malversation, swindling, forgery, bribery, false oath, perjury or other fraudulent act or transgressions.
- ii. Persons who have been convicted by final judgment of the court for violation of insurance laws;
- iii. Persons who have been judicially declared insolvent, spendthrift or unable to enter into a contract; or
- iv. Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institutions closure as determined by the Insurance Commission.

### **b. Temporary Disqualified**

Philamlife Board of Directors may also provide for the temporary disqualification of a director or from holding a director position for a specific/indefinite period of time for the following reasons:

- i. Persons who refuse to fully disclose the extent of their business interest when required pursuant to a provision of law or of a circular, memorandum or rules or regulation of the Insurance Commission. This disqualification shall be in effect as long as refusal persists;
- ii. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special meetings of Philamlife Board of Directors during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;

- iii. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;
- iv. Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
- v. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification by the Insurance Commission;
- vi. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
- vii. Persons dismissed/terminated from their employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- viii. Those under preventive suspension;
- ix. Persons with derogatory records with the NBI, court, police, Interpol, and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an Insurance Director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- x. Persons who are delinquent in the payment of their obligations as defined hereunder:
  - a. Delinquency in the payment of obligations means that obligations of a person with the insurance company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
  - b. Obligations shall include all borrowings from an insurance company, or its related companies obtained by:
    - i. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser, or surety for loans from such institutions;
    - ii. The spouse or child under the parental authority of the director or officer;
    - iii. Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officer;
    - iv. A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
    - v. A corporation, association or firm wholly-owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items i, ii, iii, iv;

This disqualification should be in effect as long as delinquency persists.

### **C. DUTIES AND RESPONSIBILITIES**

- a. Philamlife Directors and Independent Directors shall:
  - i. Conduct fair business transaction with Philamlife to ensure that personal interest does not bias Board decisions.
  - ii. Whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the Institution that those offered to others. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or related interests. He shall avoid situations that would compromise impartiality.
  - iii. Act honestly, in good faith, and with loyalty to the best interest of the institution, its stockholders, (regardless of the amount of their stockholdings) and other stakeholders such as its policyholders, investors, borrowers, other clients, and the general public. A Philamlife director must always act in good faith with care which an ordinarily prudent man would exercise under similar circumstances, while a director shall always strive to promote the interest of all stockholders. He shall also give due regard to the rights and interest of other stakeholders.
  - iv. Devote time and attention necessary to properly discharge their duties and responsibilities. Philamlife Directors shall devote sufficient time to familiarize themselves with Philamlife's business. They must constantly be aware of Philamlife's condition and be knowledgeable enough to contribute meaningfully to the Board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the Company, he should neither accept his nomination nor run for election as member of the Board.
  - v. Act judiciously. Before deciding on any matter brought before Philamlife Board of Directors, every director shall thoroughly evaluate the issues, ask questions, and seek clarification when necessary.
  - vi. Exercise independent judgment. A Philamlife director shall view each problem / situation objectively. When a disagreement with others occurs, he shall carefully evaluate the situation and state his position. He shall not be afraid to take a position even though it might be unpopular. Corollarily, he shall support plans and ideas that he thinks will be beneficial to the Company.

- vii. Have a working knowledge of the statutory and regulatory requirements affecting Philamlife, including the contents of the Articles of Incorporation and By-laws, the requirements of the Insurance Commission, and where applicable, the requirements of other government agencies. A director shall also keep himself informed of the industry developments and business trends in order to safeguard Philamlife's competitiveness.
- viii. Observe confidentiality. Philamlife Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of Philamlife Board of Directors.
- ix. Philamlife shall furnish all of its Directors a copy of the specific duties and responsibilities of the Board of Directors as well as specific duties and responsibilities within thirty (30) working days, in case of incumbent directors and at the time of election in case of directors elected after the issuance of the Corporate Governance Code.
- x. The directors concerned shall each be required to acknowledge receipt of the copies of such specific duties and responsibilities and shall certify they fully understand the same.
- xi. Philamlife Board of Directors should appoint a Corporate Secretary who shall be a Filipino citizen capable of carrying out the duties to which the post entails and his removal shall be a matter for the entire Board to decide. The Corporate Secretary shall submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Philamlife Board of Directors meetings.

#### **D. BOARD REMUNERATION**

- a. Levels of remuneration shall be sufficient to attract and retain the quality of directors to run the company successfully.
- b. Significant proportion of executive director's remuneration is structured so as to link rewards to corporate and individual performance.
- c. Levels of remuneration of non-executive directors shall reflect their experiences, responsibilities, and performance.
- d. The performance-related elements of remuneration shall form a significant proportion of the total remuneration package of executive directors and shall be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels.
- e. Designate amount of remuneration which shall be at sufficient level to attract and retain directors and officers needed to run the company successfully.
- f. Levels of remuneration for non-executive director shall reflect the time commitment and responsibilities of the office or position.

Remuneration for non-executive directors shall not include share options. If, options are granted, shareholders approval shall be sought in advance and any share acquired by way of an exercise of an option shall be held until at least one year after the non-executive director leaves the board. Holding of share options is relevant to determine the non-executive director's independence.

- g. Notice or contract periods shall be set at least one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such periods shall be reduced to one year or less after the initial period.
- h. There shall be formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.
- i. No director shall be involved in deciding his or her own remunerations.
- j. A form shall be developed on Full Business Interest Disclosure as part of the pre-employment requirements. For all incoming officers and senior managers, they shall declare under penalty of perjury all their existing business interests or shareholdings that may directly or indirectly affect the performance of their duties.
- k. Provide in the Company's Annual Report information and proxy statements, a clear, concise and understandable disclosure of compensation of its executive officer for the previous fiscal year and the ensuing year.
- l. Review the existing Human Resources Development and Personal Handbook, to strengthen provisions on conflict of interest, salaries, and benefit policies, promotion and career advancement directories and compliance of the personnel concerned with all statutory requirements that must be periodically met in their respective posts.

#### ***E. PERFORMANCE EVALUATION***

- a. A formal and rigorous annual evaluation of Philamlife Board of Directors own performance and that of its committees and individual directors shall be undertaken.
- b. Philamlife Chairman shall act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of each director. He may propose appointment of new members to the Board or seek the resignation of directors.
- c. Performance evaluation of Philamlife Board of Directors, its committee and its individual directors shall be conducted and reported in the Annual Report.
- d. Performance evaluation of Philamlife Chairman shall be made by non-executive directors, led by the senior independent director, taking into account the views of executive directors.

#### ***F. ELECTION / RE-ELECTIONS***

- a. All Philamlife directors shall be subject to election by shareholders at the first annual general meeting after their nomination, and to re-election thereafter at intervals of no more than three years. The

names of directors submitted for election or re-election shall be accompanied by sufficient biographical details and any other relevant information to enable shareholders to have knowledge of their decision on their election.

- b. Each director shall represent all shareholders and shall be in a position to participate independently and objectively.
- c. Non-executive directors shall be elected for a specified term and removed in accordance with the Corporation Code of the Philippines.

## **G. INFORMATION AND PROFESSIONAL DEVELOPMENT**

- a. Philamlife Chairman shall be responsible for ensuring that the directors receive accurate, timely, and complete information.
- b. Philamlife Chairman shall ensure that the directors continually update their skills, knowledge, and familiarity with the Company's goals and objective in order to fulfill their roles in the Board and/or Board Committees.
- c. Philamlife shall provide the necessary resources in developing and updating its director's knowledge and capabilities.
- d. Philamlife Corporate Secretary through the Chairman shall be responsible for advising the Board about governance matters.
- e. Philamlife Chairman shall ensure that as an integral element of the process of appointing new directors, the company provides an orientation and education program for new recruits to the Board.
- f. Philamlife Board of Directors shall ensure that directors, especially non-executive directors, have access to independent professional advice at companies' expense to discharge their responsibilities as directors. Committee shall be provided with sufficient resources to undertake their duties.
- g. All Philamlife directors shall have access to the advices and services of the Corporate Secretary, who is responsible to Philamlife Board of Directors in ensuring that Board procedures are complied with. Both the appointment and removal of the Corporate Secretary shall be decided by the Board.

## **ACCOUNTABILITY AND AUDIT**

### **A. FINANCIAL REPORTING**

The Board responsibility to present a balanced and understandable assessment of the Company's financial position and projects.

- a. Philamlife Board of Directors shall ensure that it has a timely and accurate disclosure of all material matters, including the financial condition, performance, ownership, and governance of the Company.
- b. A fair and timely cost-efficient access to relevant information shall be provided to all parties having legitimate interest in Philamlife. Key financial information should be readily available to shareholders, policyholders, creditors, and claimants.
- c. Philamlife Board of Directors and the senior management level shall receive regular reports on key aspects of the operations of Philamlife. This shall include an analysis of premium growth, underwriting

performance, investment results, claims management, and credit control, which could provide a sound basis for assessing and identifying real and potential problems by formulating appropriate policies and strategies thereof.

- d. Philamlife Board of Directors shall ensure faithful compliance with the financial and other reportorial requirements under the Insurance Code using a standard format provided by the Insurance Commission.

## ***B. INTERNAL CONTROL AND RISK MANAGEMENT***

- a. Philamlife Board of Directors shall ensure that an effective system of control is in place for safeguarding Philamlife's assets.
- b. Major risks facing the Company which are likely to affect the performance and financial condition of the Company (including underwriting risk, reinsurance risk, investment risk, geographical risk, operational risk, and legal risk) and the approach taken by management in dealings with these risks, shall be reported to the Board to enable the latter to effectively address the risk.
- c. Philamlife Board of Directors shall ensure that reports accurately reflect the financial condition and the results of corporate operations.
- d. Philamlife Board of Directors shall regularly review the system of securing adherence to key internal policies as well as to significant laws and regulations that apply to it. An effective and comprehensive internal audit of the Company's internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and the senior management level of Philamlife.
- e. Philamlife Board of Directors shall protect shareholder's value through adequate financial controls. The Board shall foster and encourage a corporate environment of strong internal control, fiscal accountability, high ethical standards, and compliance with the law and code of conduct.

## ***C. AUDIT COMMITMENT AND AUDITORS***

- a. Philamlife Board of Directors shall establish an audit committee and internal audit office.
- b. Philamlife Board of Directors or the Audit Committee shall determine the directors of the internal audit.
- c. Philamlife Audit Committee shall elevate to international standards the accounting and auditing processes, practices, and methodologies.
- d. Develop a definitive time table within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant as well as furnishing an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- e. Corporate Independence shall be maintained so as not to compromise the interests of policyholders, claimants, creditors, minority shareholders, and other stakeholders. Controlling or substantial interest shall be disclosed to the Board, and the latter shall

ensure compliance with the provisions of Title 20, Chapter III of the Insurance Code.

#### ***D. RELATED PARTY TRANSACTION***

- a. Overlapping interest in the insurance entity shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.
- b. Related-party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Company, its policyholders, creditors, and claimants. In all cases, provisions of Title 20, Chapter III of the Insurance Code shall be complied with.
- c. Related party transactions shall be disclosed fully to Philamlife Board of Directors. Prior Board approval shall be obtained for related party transactions that are material in nature.

### **RELATIONS WITH SHAREHOLDERS**

#### ***A. DIALOGUE WITH SHAREHOLDERS***

- a. Philamlife Chairman shall ensure that the views of shareholders are communicated to the Board.
- b. Philamlife Chairman shall discuss governance and strategies with major shareholders
- c. Non-executive directors shall be offered the opportunity to attend meetings with major shareholders and shall be expected to attend when requested by major shareholders
- d. The senior independent director shall attend sufficient meetings with major shareholders to listen to their views in order to develop a balanced understanding of the issues and concerns of major shareholders.

#### ***B. CONSTRUCTIVE USE OF THE AGM (ANNUAL GENERAL MEETING)***

- a. Philamlife Board of Directors shall use the AGM or Annual Stockholder's Meeting to communicate with investors and encourage their participation.
- b. Philamlife shall count all proxy votes and, except where a poll is called, shall indicate the level of proxies lodged on each resolution, and the balance for and against the resolution and the number of abstentions, after it has been dealt with on a show of hands.
- c. Philamlife ensures that votes cast are properly received and recorded
- d. Philamlife Board of Directors proposes a separate resolution at the AGM on each material issue (i.e., reports, accounts)
- e. Philamlife Chairman, directors, and members of the Audit, Remuneration, and Nomination committees shall be present at the AGM to answer questions.
- f. Notices, annual reports including the latest Annual Financial Statements of Philamlife shall be given to stockholders at least two (2) weeks prior to the AGM.

## **PUBLIC ACCOUNTABILITY**

As custodian of public funds, the Company and its intermediaries shall ensure that their dealings with the public are always conducted in a fair, honest, and equitable manner.

- A. Officers of Philamlife shall avoid conflicts of interest.
- B. They shall not engage in any unfair or deceptive acts or conduct that constitute unfair trade practices detrimental to policyholders and claimants