

Company: Philam Equitable Life Assurance Company, Inc.

Sector: Insurance

Financial Year End: 31 December 2014

Company Structure: Class 1

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| E | Responsibilities of the Board | | |
| E.1 | Clearly defined board responsibilities and corporate governance policy | | |
| E.1.1 | Are the roles and responsibilities of the board of directors/commissioners clearly stated? | Y | The roles and responsibilities of the Board of Directors of the Company are clearly set forth in the Company By-Laws and Manual of Corporate Governance Manual. Sources: By-Laws Manual of Corporate Governance Annual Report |
| E.1.2 | Are the types of decisions requiring board of directors/commissioners' approval disclosed ? | Y | The decisions requiring Board approval are clearly set forth in the agenda of meeting of the Board, as required by the Company AOI, By-Laws and Manual of Corporate Governance Manual. Sources: Articles of Incorporation (AOI) By-Laws Manual of Corporate Governance Annual Report |
| E.1.3 | Does the company disclose its corporate governance policy / board charter? | Y | The Company discloses its Corporate Governance Manual in the company website and Annual Report. Sources: Manual of Corporate Governance Annual Report, page 5 - Corporate Governance |
| E.2 | Code of ethics or conduct | | |
| E.2.1 | Does the company have a code of ethics or conduct? | Y | The Company has its own Code of Conduct and Market Conduct Guidelines, which are disclosed in the Company Website. The Code of Conduct sets out the commitment of the organization and its people to AIA's operating philosophy "Doing the right thing, in the right way, with the right people. . . and the results will come", providing guidance on critical issues, and outlining how each one must behave and conduct business on behalf of AIA and Philam Equitable. Source: Company Website - AIA Code of Conduct |

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| E.2.2 | Are the details of the code of ethics or conduct disclosed? | Y | The Company has its own AIA Code of Conduct disclosed in the company website. Sources: AIA Code of Conduct Annual Report, pages 13-15, Operating Philosophy |
| E.2.3 | Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code? | Y | The policy requires all directors, senior management and employees to comply with the abovementioned Codes. The Code specifies the standards of behaviour which every AIA employee, and stakeholders are expected to adhere. It applies to all AIA officers and employees, business partners, including agents, contractors, subcontractors, suppliers, distribution partners and other who act on behalf of AIA. Sources: AIA Code of Conduct, page 4 Annual Report, pages 13-15, Operating Philosophy |
| E.2.4 | Does the company disclose how it implements and monitors compliance with the code of ethics or conduct? | Y | The implementation and monitoring of the abovementioned codes are provided in the Code. Source: AIA Code of Conduct |
| E.3 | Corporate Vision/Mission | | |
| E.3.1 | Does the board of directors/commissioners periodically review and approve the vision and mission? | Y | As part of its duties and responsibilities spelled out in the Manual of Corporate Governance, the Board of Directors periodically review and approve the vision and mission of the Company. Source: Manual of Corporate Governance , page 1 |
| E.4 | Board Structure & Composition | | |
| E.4.1 | Does the board of directors/ commissioners comprise at least five members and no more than 12 members? (i.e., between 5 - 12 members) | Y | As of 31 December 2014, the Board of Directors of the Company was composed of eight (8) members. Source: Annual Report, page 7 - 2014, Members of the Board of Directors |
| E.4.2 | Do independent, non-executive directors/commissioners number at least three <u>and</u> make up more than 50% of the board of directors/commissioners? | N | There were only 2 independent directors in the Board. |

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| E.4.3 | Does the company provide a definition of independence in its Annual Report? | Y | <p>The Manual of Corporate Governance and the Annual Report expressly define the meaning and qualification of an independent director. As indicated in the Annual Report, to be considered independent, the director should not have any significant financial interest in the Company or any of its subsidiaries.</p> <p>Source: Manual of Corporate Governance, pages 5-6, Board Independence</p> |
| E.4.4 | Are the independent directors/commissioners independent of management and major/substantial shareholders? | Y | <p>The independent directors of the Company are well qualified and competent to hold said positions, and are independent of management and the major shareholders of the Company.</p> <p>Source: Annual Report, pages 8-9, Profile of Mr. Lagdameo and Prof. Licuanan</p> |
| E.4.5 | Does the company have a term limit of nine years or less for its independent directors/commissioners? | N | |
| E.4.6 | Has the company set a limit of five board seats in publicly-listed companies that an individual director/commissioner may hold simultaneously? | Y | <p>Under the Manual of Corporate Governance of the Company, 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, however, shall submit themselves to a low indicative limit (four or lower) on membership in other corporate boards. The same low limit 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.</p> <p>Source: Manual of Corporate Governance, page 3, B. Multiple Board Seats</p> |
| E.4.7 | Does the company have any independent directors/commissioners who serve on more than five boards of publicly-listed companies? | N | <p>The Company currently has no independent directors who serve on more than five boards of publicly-listed companies.</p> |
| E.4.8 | Does the company have any executive directors who serve on more than two boards of listed companies outside of the group? | N | |

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| E.5 | Skills and Competencies | | |
| E.5.1 | Does at least one non-executive director/commissioner have prior working experience in the major industry the company is operating in? | N | |
| E.5.2 | Does the company disclose a board of directors/commissioners diversity policy? | N | The Company currently has not disclosed a board of directors diversity policy. |
| E.6 | Board Chairman | | |
| E.6.1 | Do different persons assume the roles of chairman and CEO? | Y | The Chairman of the Board position is being held by Mr. Estelito G. Madrid, Jr., effective 08 July 2014, while the Chief Executive Officer position is being occupied by Mr. Allan R. Santos, effective 03 November 2014. Source: Annual Report, page 7 - 8, Profile of Messrs. Madrid & Santos |
| E.6.2 | Is the chairman a non-executive director/commissioner? | Y | The Chairman of the Board, Mr. Estelito G. Madrid, Jr. is considered as executive director of the Company. Source: Annual Report, page 7 - Profile of Mr. Madrid |
| E.6.3 | Is the chairman an independent director/commissioner? | N | The Chairman of the Board, Mr. Estelito G. Madrid, Jr. is considered as executive director of the Company. Source: Annual Report, page 7 - Profile of Mr. Madrid |
| E.6.4 | Is the chairman the current or immediate past CEO? | N | The Chairman of the Board, Mr. Estelito G. Madrid, Jr. is neither the current or immediate past CEO of the Company. Source: Annual Report |

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| E.6.5 | Are the role and responsibilities of the chairman disclosed? | Y | The roles and responsibilities of the Chairman of the Board are explicitly spelled out in the Manual of Corporate Governance and Company By-Laws, and are disclosed in the Company Website. Sources: Manual of Corporate Governance, pages 1 - 2 By-Laws, Article IC, Section 1, page 1 |
| E.7 | Board meetings and attendance | | |
| E.7.1 | Are the board of directors/commissioners meetings scheduled before or at the beginning of the year? | Y | The Company Corporate Secretary schedules the quarterly meetings of the Board at the beginning of the year, subject to changes depending on the availability of the directors. Source: Annual Report, page 6 - Board Process |
| E.7.2 | Does the board of directors/commissioners meet at least six times per year? | N | In 2014, the Board of Directors met four (4) times. Source: Annual Report, page 12 - Board and Committee Meetings |
| E.7.3 | Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year? | Y | In 2014, the Board of Directors met four (4) times. Source: Annual Report, page 12 - Board and Committee Meetings |
| E.7.4 | Does the company require a minimum quorum of at least 2/3 for board decisions? | N | |
| E.7.5 | Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present? | N | |
| E.8 | Orientation Programme for New Directors | | |

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| E.8.1 | Does the company have orientation programmes for new directors/commissioners? | Y | In order for the directors to have ample time to go over and review the documents to presented in the meeting, the Corporate Secretary ensures that the materials are received by the directors at least five (5) working days before the scheduled meeting. Source: Annual Report, page 6 - Board Process |
| E.9 | Director Training | | |
| E.9.1 | Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes? | Y | The Company encourages the directors to attend continuous professional education programs such as Professional Directors' Program of the Institute of Corporate Directors Source: Annual Report, page 6 - Orientation Program and Training |
| E.10 | Access to information | | |
| E.10.1 | Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting? | Y | In order for the directors have ample time to go over and review the documents to be presented in the meeting, the Corporate Secretary ensures that the materials are received by the directors at least five (5) working days before the scheduled meeting. Source: Annual Report, page 6 - Board Process |
| E.10.2 | Does the company secretary play a significant role in supporting the board in discharging its responsibilities? | Y | As mandated by the Company By-Laws and the Manual of Corporate Governance, the Company Secretary plays a very significant role in supporting the Board in discharging its responsibilities. Source: Annual Report, page 6, Board Process |
| E.10.3 | Ps the company secretary trained in legal, accountancy or company secretarial practices? | Y | Atty. Ace Devino A. Custodio has significant training and experience to efficiently and competently perform her duties as PELAC's Corporate Secretary. Source: Annual Report, page 11 - Board Support |
| E.11 | Nominating Committee | | |
| E.11.1 | Does the company have a Nominating Committee (NC)? | Y | PELAC's Nomination Committee is composed of Mr. Estelito G. Madrid, Jr. as Chairman, and Ms. Adoracion R. Go and Mr. Ernesto R. Lagdameo as members. Sources: Annual Report, page 12 - Board & Committee Meetings Nomination Committee Charter |

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| E.11.2 | Does the Nominating Committee comprise of a majority of independent directors/commissioners? | N | PELAC's Nomination Committee is composed of one (1) independent director and three (2) executive directors. Source: Annual Report, page 12 - Board Committees |
| E.11.3 | Is the chairman of the Nominating Committee an independent director/commissioner? | N | PELAC's Nomination Committee is Chaired by Mr. Estelito G. Madrid, Jr. |
| E.11.4 | Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee? | Y | The Board has approved the Nomination & Governance Committee Charter, which basically sets forth the duties and responsibilities of the Committee. Source: Nomination Committee Charter |
| E.11.5 | Does the Annual Report disclose the number of Nominating Committee meetings held? | Y | The Annual Report disclosed that the Nomination & Governance Committee met three (3) times in 2014. Source: Annual Report, page 12- Board & Committee Meetings |
| E.11.6 | Did the Nominating Committee meet at least twice during the year? | Y | The Annual Report disclosed that the Nomination Committee met three (3) times in 2014. Source: Annual Report, page 12- Board & Committee Meetings |
| E.11.7 | Is the attendance of members at Nominating Committee meetings disclosed? | Y | The attendance of the members of the Nominating Committee was disclosed in the Annual Report of the Company. Source: Annual Report, page 12- Board & Committee Meetings |
| E.12 | Board Appointments and Re-Election | | |
| E.12.1 | Does the company disclose the <u>criteria used in selecting</u> new directors/commissioners? | Y | The Manual of Corporate Governance explicitly provides the qualifications and disqualifications (permanent and temporary) which the Board should use in selecting new directors. Source: Manual of Corporate Governance, page 5-7 |

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| E.12.2 | Does the company disclose the <u>process followed in appointing</u> new directors/commissioners? | Y | <p>The Manual of Corporate Governance spells out the Appointment Process for Philam Equitable Board of Directors. The Manual prescribes a formal, rigorous and transparent procedures for the selection and appointment of new directors of the Board. Appointments to Philam Equitable Board of Directors are made on merits and subject to objective criteria as set forth in the Manual. Careful deliberation and consideration is done to ensue that appointees have enough time for the job.</p> <p>Sources: Annual Report, page 6 - Election of Directors Manual of Corporate Governance, page 3 - Appointment to PELAC Board of Directors</p> |
| E.12.3 | Are all the directors/commissioners subject to re-election at least once every three years? | Y | <p>Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13). All the directors have been subjected to re-election at least once every three (3) years.</p> <p>Source: Company Website (By-Laws)</p> |
| E.13 | CEO/Executive Management Appointments and Performance | | |
| E.13.1 | Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management? | Y | <p>The Company currently does not disclose how the board of directors plan for the succession of the CEO & President and key management.</p> <p>Source: Manual of Corporate Governance, page 3 - Appointment to PELAC Board of Directors</p> |
| E.13.2 | Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President? | Y | <p>The Company conducts an annual performance assessment of the President & CEO, the Board, the Board Chairman, and the Board-sanctioned Committees.</p> <p>Source: Annual Report, page 6 - Performance Evaluation</p> |
| E.14 | Board Appraisal | | |
| E.14.1 | Is an annual performance assessment conducted of the board of directors/commissioners? | Y | <p>The Company conducts an annual performance assessment of the President & CEO, the Board, the Board Chairman, and the Board-sanctioned Committees.</p> <p>Source: Annual Report, page 6 - Performance Evaluation</p> |

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| E.14.2 | Does the company disclose the process followed in conducting the board assessment? | Y | The Company discloses the processes and criteria being followed in conducting the board assessment. Source: Annual Report, page 6 - Performance Evaluation |
| E.14.3 | Does the company disclose the criteria used in the board assessment? | Y | The Company discloses the processes and criteria being followed in conducting the board assessment. Source: Annual Report, page 6 - Performance Evaluation |
| E.15 | Director Appraisal | | |
| E.15.1 | Is an annual performance assessment conducted of individual director/commissioner? | Y | The Company conducts an annual performance assessment of the President & CEO, the Board, the Board Chairman, the directors and the Board-sanctioned Committees. Source: Annual Report, page 6 - Performance Evaluation |
| E.15.2 | Does the company disclose the process followed in conducting the director/commissioner assessment? | Y | The Company discloses the processes and criteria being followed in conducting the assessment of the directors. Source: Annual Report, page 6 - Performance Evaluation |
| E.15.3 | Does the company disclose the criteria used in the director/commissioner assessment? | Y | The Company discloses the processes and criteria being followed in conducting the assessment of the directors. Source: Annual Report, page 6 - Performance Evaluation |
| E.16 | Committee Appraisal | | |
| E.16.1 | Is an annual performance assessment conducted of the board of directors/commissioners committees? | Y | The Company conducts an annual performance assessment of the President & CEO, the Board, the Board Chairman, the directors and the Board-sanctioned Committees. Source: Annual Report, page 6 - Performance Evaluation |

| E.17 | Remuneration Committee/ Compensation Committee | | |
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| E.17.1 | Does the company have a Remuneration Committee? | Y | <p>PELAC has a Remuneration Committee composed of Mr. Estelito G. Madrid, Jr. as Chairman, Mr. Ernersto R. Lagdameo, Jr and Ms. Adoracion R. Go.</p> <p>Sources: Remuneration Committee Charter Annual Report, page 12 - Board Committees</p> |
| E.17.2 | Does the Remuneration Committee comprise of a majority of independent directors/commissioners? | N | <p>PELAC's Remuneration Committee is composed of one (1) independent director and two (2) non-executive directors.</p> <p>Source: Annual Report, page 12 - Board Committees</p> |
| E.17.3 | Is the chairman of the Remuneration Committee an independent director/commissioner? | N | <p>PELAC's Remuneration Committee is chaired by Mr. Estelito G. Madrid, Jr. an executive director.</p> <p>Source: Annual Report, page 12 - Board Committees</p> |
| E.17.4 | Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee? | Y | <p>The Board has approved the Remuneration Committee Charter, which basically sets forth the duties and responsibilities of the Committee.</p> <p>Source: Remuneration Committee Charter</p> |
| E.17.5 | Does the Annual Report disclose the number of Remuneration Committee meetings held? | N | No Remuneration Committee meeting held for the year 2014 |
| E.17.6 | Did the Remuneration Committee meet at least twice during the year? | N | No Remuneration Committee meeting held for the year 2014 |
| E.17.7 | Is the attendance of members at Remuneration Committee meetings disclosed? | N | No Remuneration Committee meeting held for the year 2014 |

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| E.18 | Remuneration Matters | | |
| E.18.1 | Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO? | N | The Company does not disclose its remuneration for its executive directors and CEO. |
| E.18.2 | Is there disclosure of the fee structure for non-executive directors/commissioners? | Y | The General Information Sheet discloses the fee structure for non-executive directors, which was approved in the Annual Stockholders Meeting. Sources: Minutes of the Stockholders Meeting dated 03 April 2014 2014 General Information Sheet, page 7 |
| E.18.3 | Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives? | Y | Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13). |
| E.18.4 | Do independent non-executive directors/commissioners receive options, performance shares or bonuses? | Y | During the last annual stockholders' meeting, the stockholders approved the remuneration of the directors. Source: Minutes of the Stockholders' Meeting dated 03 April 2014 |
| E.19 | Audit Committee | | |
| E.19.1 | Does the company have an Audit Committee? | Y | Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13). PELAC has an Audit Committee composed of Mr. Ernesto R. Lagdameo, Jr. as Chairman, Ms. Victoria S. Licuanan and Ms. Ma. Adoracion R. Go. Sources: Charter Manual of Corporate Governance Annual Report |

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| E.19.2 | Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners? | N | <p>PELAC' s Audit Committee is composed of 2 independent directors and 1 executive director.</p> <p>Sources: Audit Committee Charter Annual Report, page 12 - Board Committees</p> |
| E.19.3 | Is the chairman of the Audit Committee an independent director/commissioner? | Y | <p>Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13). PELAC' s Audit Committee is chaired by Mr. Ernesto R. Lagdameo, Jr., an independent director of the Company.</p> <p>Sources: Charter Annual Report, p. 12 - Board Committees</p> |
| E.19.4 | Does the company disclose the terms of reference/governance structure/charter of the Audit Committee? | Y | <p>The Board has approved the Audit Committee Charter, which basically sets forth the duties and responsibilities of the Committee.</p> <p>Source: Audit Committee Charter</p> |
| E.19.5 | Does the Annual Report disclose the profile or qualifications of the Audit Committee members? | Y | <p>The Annual Report fully disclosed the profile and qualifications of the Audit Committee members</p> <p>Source: Annual Report, pages 8, 9 & 11</p> |
| E.19.6 | Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)? | Y | <p>All members of the Audit Committee have significant accounting qualification and experience.</p> <p>Source: Annual Report, pages 8, 9 & 11</p> |
| E.19.7 | Does the Annual Report disclose the number of Audit Committee meetings held? | Y | <p>The Annual Report disclosed that the Audit Committee met twice (2) in 2014.</p> <p>Source: Annual Report, page 12 - Board and Committee Meetings</p> |
| E.19.8 | Did the Audit Committee meet at least four times during the year? | N | <p>The Annual Report disclosed that the Audit Committee met twice (2) in 2014.</p> <p>Source: Annual Report, page 12 - Board and Committee Meetings</p> |

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| E.19.9 | Is the attendance of members at Audit Committee meetings disclosed? | Y | The Annual Report disclosed that the Audit Committee met twice (2) in 2014. Source: Annual Report, page 12 - Board and Committee Meetings |
| E.19.10 | Does the Audit Committee have primary responsibility for recommendation on the appointment, re-appointment and removal of the external auditor? | Y | The Audit Committee has the primary responsibility for recommendation on the appointment, re-appointment and removal of the external auditor. Every year, the Audit Committee endorses and recommends to the Board for approval the external auditor of the Company. Source: Audit Committee Charter |
| E.20 | Internal Audit | | |
| E.20.1 | Does the company have a separate internal audit function? | Y | Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13). PELAC shares w/ its parent company's Internal Audit Department Source: Website/Charter |
| E.20.2 | Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed? | N | |
| E.20.3 | <u>Does the appointment and removal of the internal auditor require the approval of the Audit Committee?</u> | Y | Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13). The appointment and removal of PELAC's Internal Auditor require the approval of the Audit Committee. Source: Audit Committee Charter |
| E.21 | Risk Oversight | | |
| E.21.1 | Does the company disclose the internal control procedures/risk management systems it has in place? | Y | The Risk Management of PELAC is within the Enterprise Risk Management of the Philam Group as disclosed in the Annual Report. Source: Annual Report, page 13 - Risk Management |

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| E.21.2 | Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems? | N | |
| E.21.3 | Does the company disclose how key risks are managed? | Y | <p>The Risk Management of PELAC is within the Enterprise Risk Management of the Philam Group as disclosed in the Annual Report.</p> <p>Source: Annual Report, page 13 - Risk Management</p> |