

COMPANY NAME : PHILAM EQUITABLE LIFE ASSURANCE COMPANY, INC.
COMPANY STRUCTURE : CLASS 1
FINANCIAL YEAR END : 2016
SECTOR : INSURANCE

E. Responsibilities of the Board

E.1	Board Duties and Responsibilities	Y/ N	Reference/ Source document
	<i>Clearly defined board responsibilities and corporate governance policy</i>		
E.1.1	Does the company disclose its corporate governance policy / board charter?	Y	<p>Recognizing its responsibility to provide effective corporate governance oversight of its affairs, the PELAC Board has adopted corporate governance policies and guidelines to assist the Board in the discharge of its duties and responsibilities. The policies and guidelines are contained in the Company's Manual of Corporate Governance, and is made available on the Company's website. Some of the policies are likewise disclosed in the 2016 Annual Report.</p> <p>Source Document: Manual of Corporate Governance</p>
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	Y	<p>All matters requiring approval of the Board, in addition to those specifically provided for by the Corporation Code of the Philippines, are clearly set forth in the Company's By-Laws and the Manual of Corporate Governance. Among those matters submitted to the Board for its approval on an annual/regular basis are the President's Annual Report, the Audited Financial Statements, the Annual Budget, Policyholder Dividends (if appropriate), cash dividends (if any), investments policies and standards, related party transactions, etc.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Articles of Incorporation (AOI) ▪ By-Laws ▪ Manual of Corporate Governance ▪ Notice Agenda of the Annual Stockholders Meeting

E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	Y	<p>Article IV, Section 1 of the Company By-Laws clearly sets forth the powers of the Board of Directors. The Manual of Corporate Governance, on the other hand, specifically enumerates the duties and responsibilities of the Board of Directors of Philam Life. These include, among others, the duties to review and approve the strategic and business plans, including the operating and capital plans of the Company; to oversee the conduct of Philam Life's business to ensure that it 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 various risks of the Company; approve corporate policies in core areas of operations, specially underwriting, investments, reinsurance and claims management; review the adequacy and integrity of Philam Life's internal control systems and management information systems, etc.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ By-Laws, Article IV, Section 1, page 5 ▪ Manual of Corporate Governance, pages 1 to 2 ▪ 2015 Annual Report, page 12 - ROLES AND RESPONSIBILITIES OF THE BOARD
Corporate Vision/Mission			
E.1.4	Does the company have a vision and mission statement?	Y	<p>As a member of AIA Group and 100% owned by Philam Life, we follow the same vision and mission, to be the undisputed leader in life insurance and wealth management. We aim to bring a Philam policy in every Filipino household.</p> <p>Source Document:</p> <p>2016 Annual Report, page 2</p>
E.1.5	Has the board review the vision and mission/strategy in the last financial year?	Y	<p>As part of its duties and responsibilities spelled out in the Manual of Corporate Governance, the Board of Directors periodically reviews and approves the vision and mission of the Company. The Board has the responsibility to review and approve the strategic and business plans of the Company, including its operating and capital plans. The Board regularly monitors and oversees the implementation of the Company's strategies.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, pages 1 to 2 – Roles and Responsibilities of the Board of Directors

E.1.6	Does the board of directors monitor/oversee the implementation of the corporate strategy?	Y	<p>As part of its duties and responsibilities spelled out in the Manual of Corporate Governance, the Board of Directors monitor/oversee the Company's strategy. The Board has the responsibility to review and approved the strategic and business plans of the Company, including its operating and capital plans. The Board regularly monitors and oversees the implementation of the Company's strategies. During the quarterly meetings of the Board, management presents to the Board the strategies, and initiatives and action plans of the Company, and whether said strategies, initiatives and action plans have been duly implemented.</p> <p>Source Documents: Manual of Corporate Governance, pages 1 to 2 – Roles and Responsibilities of the Board of Directors</p>
E.2	Board structure		
	Code of Ethics or Conduct		
E.2.1	Are the details of the code of ethics or conduct disclosed?	Y	<p>PELAC, like AIA, upholds the highest ethical standard and professional behaviour and abide by its operating philosophy of “Doing the right thing, the right way, with the right people, and the right results will come”.</p> <p>The AIA Code of Conduct sets out the Company's commitment to its operating philosophy and the ethical guidelines for conducting business. The standards set forth in the Code apply not only to the directors, senior management, and employees but to the business partners including agents, contractors, subcontractors, suppliers, distribution partners, and those who act on behalf of AIA and PELAC.</p> <p>The AIA Code of Conduct is made available on the Company Website and the 2016 Annual Report.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ AIA Code of Conduct: (Internet: http://www.aia.com/en/about-aia/about-us/code-of-conduct/; e-book: http://www.aia.com/compliance-code-of-conduct/en/index.html) ▪ 2016 Annual Report, page 14, AIA Code of Conduct

E.2.2	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	Y	<p>The Company, its directors, senior management, officers and employees are mandated and required to comply with the AIA Code of Conduct. 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. To ensure that all Philam Life employees are aware of the provisions of the Code, an annual certification program is conducted whereby all employees confirm their knowledge and understanding about the rules and guidelines written in the Code. At the same time, it is company policy that all new hires attend the New Employees Orientation Program (NEOP) wherein Company and all other relevant compliance policies including the AIA Code Conduct are discussed. This program is offered on a monthly basis and is conducted either by the HR Training Department or Compliance.</p> <p>Source Document: 2016 Annual Report, page 14 – AIA CODE OF CONDUCT</p>
E.2.3	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?	Y	<p>It is the Company's policy that all new hires are required to undergo the New Employees Orientation Program (NEOP), wherein Company and all other relevant compliance policies, including the AIA Code Conduct, are discussed. All new employees are thereafter required to certify that they have read and understood the AIA Code of Conduct, to ensure compliance with its provisions. The orientation program is offered on a monthly basis and is conducted either by the HR Training Department or Compliance.</p> <p>In addition, the Company conducts and requires a Code of Conduct - Annual Certification Program. To ensure that all employees are aware of the provisions of the Code, an Annual Certification Program is conducted whereby all employees confirm their knowledge and understanding about the rules and guidelines written in the Code. The Program also requires all employees to certify, on an annual basis, their compliance to the Code of Conduct.</p> <p>Source Document: 2016 Annual Report, page 14 - CODE OF CONDUCT – ANNUAL CERTIFICATION PROGRAM</p>
Board Structure & Composition			

E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	N	<p>PELAC Board of Directors has seven (7) members, composed of two (2) independent directors, one (1) non-executive director, and four (4) executive directors. The independent directors are as follows: 1) Mr. Ernesto R. Lagdameo, Jr. and Ms. Victoria S. Licuanan.</p>
E.2.5	Are the independent directors/commissioners independent of management and major/ substantial shareholders?	Y	<p>The two (2) independent directors of the Board possess all the necessary requirements of an independent director, as provided by the law, the regulators, and the Manual of Corporate Governance, and are absolutely independent of management and major shareholder of PELAC. Both of them have not been officers/employees of PELAC, its subsidiaries and affiliates, nor are they related in any manner with any director, officer or majority shareholder of PELAC; they are also free from any business or other relationships with the company or any of its major stockholders.</p> <p>Source Documents: Manual of Corporate Governance, pages 5-6, Qualifications, B. Independent Directors</p>
E.2.6	Does the company have a term limit of nine years or less for its independent directors/commissioners?	N	<p>The Company currently adheres to the Insurance Commission Circular Letter No. 2014-49 prescribing the term limits for independent directors. The Circular provides that an Independent Director (ID) can serve as such for five (5) consecutive years, after the completion of which, he shall be ineligible for election in the same company unless he has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as such in the same company; an ID re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years, after which he shall be perpetually barred from being elected in the same company.</p> <p>On 10 March 2017, the Securities and Exchange Commission issued SEC Memorandum Circular No. 4, which provides that a company's independent director shall serve for a maximum cumulative term of nine (9) years, after which he shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director, unless meritorious justification is provided by the Board, which is approved by the shareholders during the annual shareholders' meeting.</p> <p>The Company undertakes to adopt the nine-year term limit upon issuance of a corresponding Circular by the Insurance Commission.</p>

E.2.7	Has the company set a limit of five board seats that an individual independent/non-executive 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 Document: Manual of Corporate Governance, pages 2-3, Board Balance and Independence, B. Multiple Board Seats</p>
E.2.8	Does the company have any independent directors/commissioners who serve on a total of 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. The profile of PELAC's independent directors is disclosed in the 2016 Annual Report.</p> <p>Source Document: 2016 Annual Report, pages 7 to 9 - Board of Directors Profile</p>
E.2.9	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	N	<p>None of the Company's executive directors serve on more than two boards of listed companies outside of the group.</p> <p>Source Document: 2016 Annual Report, pages 7 to 9 - Board of Directors Profile</p>
	Nominating Committee		
E.2.10	Does the company have a Nominating Committee (NC)?	Y	<p>PELAC has a Nomination & Governance Committee whose primary responsibility is to assist the Board of Directors in carrying out its responsibilities relating to stewardship and governance. The Nomination and Governance Committee Charter sets forth the various authority and responsibilities of the Committee, which include among others: recommend to the Board various criteria for Board membership, taking into account the competencies and skills, expertise, composition and size the Board requires; identify and recommend to the Board individuals qualified to become Board members; consider questions of independence and possible conflicts of interest of members of the Board; recommend, on an annual basis, assignment to committees of the Board, including recommendations as to Committee Chairmen; oversee, on an annual basis, the evaluation of the Board and its committees to determine whether the</p>

			<p>Board, its members, and its committees are functioning effectively; and manage Board and committee succession planning.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Nomination Committee Charter ▪ 2016 Annual Report, page 10 - Nomination Committee Composition
E.2.11	Does the Nominating Committee comprise of a majority of independent directors/commissioners?	N	<p>Under its Charter and the Manual of Corporate Governance, the Nomination Committee shall consist of at least three (3) members of the Board of Directors, one of whom must be independent. PELAC's Nomination & Governance Committee is currently composed of the following: Mr. Ariel G. Cantos (executive director); Mr. Ernesto R. Lagdameo, Jr. (independent director); and Ms. Maria Adoracion R. Go (executive director).</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Nomination and Governance Committee Charter ▪ Manual of Corporate Governance, page 4 – Nomination Committee ▪ 2016 Annual Report, page 10 - Nomination Committee Composition
E.2.12	Is the chairman of the Nominating Committee an independent director/commissioner?	N	<p>PELAC's Nomination Committee is Chaired by Mr. Ariel G. Cantos</p> <p>Source Document:</p> <p>2016 Annual Report, page 10 - Nomination Committee Composition</p>
E.2.13	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Y	<p>In addition to the provisions set forth in the Manual of Corporate Governance, the Board has approved the Nomination & Governance Committee Charter, which provides the structure, authority and responsibilities, and procedures and administration of the Committee. The Manual of Corporate Governance and the Nomination Committee Charter are made available on the Company website.</p> <p>Source Document:</p> <p>Nomination Committee Charter</p>
E.2.14	Did the Nominating Committee meet at least twice during the year?	Y	<p>In accordance with the Nomination and Governance Committee Charter, which requires the Committee to meet as often as it deems necessary, the Committee has met twice in 2016. The meetings were held on 18 April 2016 and 22 June 2016.</p> <p>Source Document:</p> <p>2016 Annual Report, page 11 - Nomination and Governance Committee Meetings held and attended for the year 2016</p>

E.2.15	Is the attendance of members at Nominating Committee meetings disclosed?	Y	<p>The attendance of the members at the Nomination and Governance Committee meetings was sufficiently disclosed in the 2016 Annual Report. In 2016, the Nomination and Governance Committee met twice, which were attended by Mr. Lagdameo and Ms. Go, while one former member of the Committee missed the two meetings as he was on medical leave and Mr. Cantos was not able to attend the two meetings as he was just elected on 24 June 2016, for an overall attendance rate of 66.67%.</p> <p>Source Document: 2016 Annual Report, page 11 - Nomination and Governance Committee Meetings held and attended for the year 2016</p>
Remuneration Committee/ Compensation Committee			
E.2.16	Does the company have a Remuneration Committee?	Y	<p>PELAC has a Compensation/Remuneration Committee whose primary responsibility is to assist the Board of Directors in carrying out its responsibilities relating to executive and director compensation.</p> <p>The Compensation/Remuneration Committee Charter sets forth the various authority and responsibilities of the Committee, which include among others, recommending to the Board of Directors the form and amount of compensation to be paid by the Company to directors for services on the Board and Board Committee; reviewing the Company's base compensation structure and incentive compensation programs, and recommending changes in or additions to such structure and plans to the Board as needed; and recommending to the Board of Directors the annual bases compensation of the Company's executive officers and senior managers.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Remuneration/Compensation Committee Charter ▪ 2016 Annual Report, page 11 - Remuneration/Compensation Committee Composition
E.2.17	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) executive directors, composed of the following: Mr. Ariel G. Cantos (executive director); Mr. Ernesto R. Lagdameo, Jr. (independent director); and Ms. Maria Adoracion R. Go (executive director).</p> <p>Source Documents: 2016 Annual Report, page 11 - Remuneration/Compensation Committee Composition</p>

E.2.18	Is the chairman of the Remuneration Committee an independent director/commissioner?	N	<p>PELAC's Compensation/Remuneration Committee is chaired by Mr. Ariel G. Cantos who is a non-executive director.</p> <p>Source Document: 2016 Annual Report, page 11 - Remuneration/Compensation Committee Composition</p>
E.2.19	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	Y	<p>In addition to the provisions set forth in the Manual of Corporate Governance, the Board has approved the Compensation/Remuneration Committee Charter, which provides the structure, authority and responsibilities, and procedures and administration of the Committee. The Manual of Corporate Governance and the Nomination Committee Charter are made available on the Company website.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Remuneration/Compensation Committee Charter ▪ Manual of Corporate Governance, pages 4 to 5 – Remuneration Committee
E.2.20	Did the Remuneration Committee meet at least twice during the year?	N	No Remuneration Committee meeting held for the year 2016.
E.2.21	Is the attendance of members at Remuneration Committee meetings disclosed?	N	No Remuneration Committee meeting held for the year 2016.
	Audit Committee		
E.2.22	Does the company have an Audit Committee?	Y	<p>Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).</p> <p>The Audit Committee 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 organisation are in place. In addition to the responsibilities set forth in the Manual of Corporate Governance of the Company, the Audit Committee Charter also enumerates the composition, authorities and responsibilities, and frequency of meetings of the Audit Committee.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Audit Committee Charter ▪ 2016 Annual Report, page 10 - Audit Committee Composition

E.2.23	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. . The Audit Committee is composed of Mr. Ernesto R. Lagdameo, Jr. (Chairman) and Ms. Victoria S. Licuanan, both of them are independent directors and Mr. Richard Sumner a non-executive director.</p> <p>Source Document: 2016 Annual Report, page 10 - Audit Committee Composition</p>
E.2.24	Is the chairman of the Audit Committee an independent director/commissioner?	Y	<p>Default Item as per Insurance Commission Guidelines in Compliance with ACGS (Circular Letter No. 2015-13).</p> <p>PELAC's Audit Committee is chaired by Mr. Ernesto R. Lagdameo, Jr., who's an independent director of the Company.</p> <p>Source Document: 2016 Annual Report, page 10 - Audit Committee Composition</p>
E.2.25	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Y	<p>The Audit Committee has adopted a formal terms of reference, the Audit Committee Charter, to detail its responsibility for oversight of the organisation's corporate governance process. The Committee, while exercising its oversight role, relies on the expertise of management and works with the Internal and External Auditors to ensure the integrity of the financial statements and the continuous review of the organisation's governance process, risk management and internal controls. The Audit Committee Charter is made available on the Company website.</p> <p>Source Document: Audit Committee Charter</p>
E.2.26	Does the Annual Report disclose the profile or qualifications of the Audit Committee members?	Y	<p>The profile and qualifications of the three (3) members of the Audit Committee of Philam Life are fully disclosed in the 2016 Annual Report.</p> <p>Source Document: 2016 Annual Report, pages 7 to 9 – Profile of Directors</p>

E.2.27	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	Y	<p>Majority of the members of the committee are independent directors and who has accounting experience/expertise which is in compliance with the company's Manual of Corporate Governance which states that the committee shall be comprised of independent board members, preferably with accounting and finance experiences. Members of the Committee, namely: Ernesto R. Lagdameo, Jr. (Chair); Richard Sumner; Victoria S. Licuanan.</p> <p>Source Document: 2016 Annual Report, pages 7 to 9 – Profile of Directors</p>
E.2.28	Did the Audit Committee meet at least four times during the year?	N	<p>In accordance with the Audit Committee Charter, which requires the Committee to meet at least every quarter or more frequently as the circumstances require, the Audit Committee of PELAC has twice in 2016. The meetings were held on 25 April 2016 and 25 November 2016.</p> <p>Source Document: 2016 Annual Report, page 11 - Meetings held and attended for the year 2016</p>
E.2.29	Is the attendance of members at Audit Committee meetings disclosed?	Y	<p>The attendance of the members at the Audit Committee meetings was sufficiently disclosed in the 2016 Annual Report. In 2016, the Audit Committee met twice, which were attended by all its members, for an overall attendance rate of 100%.</p> <p>Source Document: 2016 Annual Report, page 11 - Meetings held and attended for the year 2016</p>
E.2.30	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Y	<p>The Audit Committee has the primary responsibility to recommend the appointment, re-appointment or removal of the external auditor. During its 25 April 2016 meeting, the Audit Committee endorsed and recommended to the Board for its approval the reappointment of Isla Lipana & Co./PriceWaterhouseCoopers as the External Auditor of PELAC for 2016.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Audit Committee Charter ▪ Manual of Corporate Governance, pages 3 to 4 - Audit Committee ▪ Minutes of the Annual Stockholders' meeting dated 25 April 2016, page 5
E.3	Board Processes		
	Board meetings and attendance		

E.3.1	Are the board of directors meeting scheduled before the start of financial year?	Y	<p>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.</p> <p>Five (5) 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 the need action and approval of the Board.</p> <p>Source Document: 2016 Annual Report, page 11 – BOARD MEETINGS IN 2016</p>
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	N	<p>The Board of Directors met for a total of five (5) times in 2016. The meetings were held on:</p> <p>25 April 2016 23 June 2016 12 August 2016 12 October 2016 25 November 2016</p> <p>Source Document: 2016 Annual Report, page 11 - Meeting held and attended for the year 2016</p>
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Y	<p>The attendance details of the each director are disclosed in the 2016 Annual Report.</p> <p>The following directors attended all five (5) meetings of the Board, for an attendance rate of 100%:</p> <ol style="list-style-type: none"> 1. Ernesto R. Lagdameo, Jr. 2. Victoria S. Licuanan 3. Eric S. Lustre 4. Maria Adoracion R. Go <p>Messrs. Rosenthal and Sumner attended four (4) of the five meetings (80%), while Mr. Ariel G. Cantos only attended two (2) meetings (40%) since he was only elected 04 June 2016. Mr. Bromley was not able to attend the first two</p>

			meetings as he was on medical leave and was replaced by Mr. Cantos on 24 June 2016. Source Document: 2016 Annual Report, page 34 – Meetings held and attended for the year 2016
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	Y	Under the Company By-Laws, a majority of the directors shall constitute a quorum for the transaction of the business at any meeting. Thus, the presence of at least four (4) out of seven (7) directors is necessary to have a quorum, and the affirmative votes of the majority of the directors present are required to decide a matter, except when the law or the By-Laws required a higher number. Source Document: By-Laws, Article III, Section 4. Quorum, page 2
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	Y	In addition to the regular meetings of the Board, the non-executive and independent directors, without the presence of the executive director and management, meet separately at least once a year. For 2016, the non-executive and independent directors have met separately and exclusively in various occasions, mostly after Board meetings, to discuss various business matters relating to the Company, and ensure that proper checks and balances are in place within the organisation. Source Document: 2016 Annual Report, page 12 – BOARD PROCESS
	Access to information		
E.3.6	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, five (5) days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board, through email, their respective meeting packs which would contain among others the Board and Committee meeting minutes, the management report and financial highlights, and other items the need action and approval of the Board. Source Documents: 2016 Annual Report, page 12 – BOARD PROCESS

E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Y	<p>The Company Secretary is primarily responsible to the Corporation and its shareholders, but likewise plays a very significant role in supporting the Board in discharging its responsibilities. Under Article VI, Section 5 of the Company By-Laws, the Corporate Secretary has the responsibility to attend all meetings of the stockholders and Board of Directors, and to record the minutes of all proceedings in the minutes book; she shall perform like duties for any Committee of the Board when required. The Corporate Secretary shall also cause to be given notice of all meetings of the directors and stockholders, and shall perform such other duties as pertaining to her office.</p> <p>Source Document: By-Laws, Article VI, Section 5, pages 11 to 12</p>
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?	Y	<p>Atty. Ace Devino A. Custodio is currently the Assistant Corporate Secretary of The Philippine American Life & General Insurance Co. and BPI-Philam Life Assurance Corporation. He also serves as the Corporate Secretary of Philam Equitable Life Assurance Company, Inc., Philam Properties Corporation, Philam Asset Management, Inc., Philam Tower Realty Corporation, Philamlife Tower Condominium Corporation, Philamlife Tower Management Corporation, Philam Foundation, Inc. Philam Call Center Services, Inc., Kapatiran Realty Corporation, PERF Realty Corporation, and Tower Club, Inc.</p> <p>Atty. Custodio is a graduate of University of Santo Tomas with a Bachelor of Arts Degree Major in Economics (cum laude). He likewise took his Bachelor of Laws Degree from the same University. He is also a member of the Integrated Bar of the Philippines, and a Fellow of the Institute of Corporate Directors (ICD).</p> <p>Source Document: 2016 Annual Report, page 10 – BOARD SUPPORT, Profile of Ace Devino A. Custodio</p>
Board Appointments and Re-Election			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Y	<p>The Manual of Corporate Governance explicitly provides the criteria which the Board should use in selecting new directors. Formal, rigorous, and transparent procedures were set for the selection and appointment of the Company's new directors of the Board.</p> <p>Under the Manual, the directors must possess all the necessary skills, competence, and experience, in terms of management capabilities; they shall preferably be in the field of insurance or insurance-related disciplines, and shall be persons of integrity and</p>

			<p>credibility. It is also required that each director shall be at least twenty-five (25) years of age at the time of his appointment, and must have attended a special seminar on Corporate Governance conducted by a training provider accredited by the Insurance Commission.</p> <p>For independent director, the Manual provides additional criteria, as follows: he shall be one who has not been an officer or employee of PELAC, its subsidiaries or affiliates or related interest for at least (3) three years immediately preceding his term or incumbency; he shall not be 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; he should not be a director or officer of the related companies of PELAC majority shareholders; he shall not be a majority shareholder of the Company, and of its related companies, or of its majority shareholder; he is not acting as nominee or representative of any director or substantial shareholder of PELAC, any of its substantial shareholders; and he shall free from any business or other relationships with PELAC or any of its major stockholders, which could material interfere with the exercise of his judgement.</p> <p>The Manual of Corporate Governance also provides for grounds for the permanent and temporary disqualification of a director.</p> <p>Source Document: Manual of Corporate Governance, pages 5 to 8, Members of PELAC Board of Directors (Qualifications & Disqualifications)</p>
E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?	Y	<p>The Manual of Corporate Governance spells out the Appointment Process for PELAC 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 PELAC 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 ensure that appointees have enough time for the job. The Board also 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.</p> <p>On the other hand, the Company uses a transparent procedure for the election of directors. The Nomination and Governance Committee looks into the qualifications of directors and thereafter the Board deliberates on the recommendation of the Committee. At the stockholders meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each stockholder</p>

			<p>with voting privilege shall be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary shall count the votes and thereafter declare the duly elected members of the Board.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2016 Annual Report, page 12 – ELECTION OF DIRECTORS ▪ Manual of Corporate Governance, page 3 - Appointments to PELAC Board of Directors
E.3.11	Are all the directors/commissioners subject to re-election at least once every three years?	Y	<p>Default Item as per Insurance Commission Guidelines in Compliance with ACGS (Circular Letter No. 2015-13).</p> <p>Under the Manual of Corporate Governance, all PELAC directors shall be subject to re-election at intervals of no more than three years. The names of directors submitted for 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.</p> <p>All the directors of PELAC have been subjected to re-election once a year, except for Ms. Denise Ann R. Saclag who was just elected as member of the Board on 06 April 2017.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Minutes of the Annual Meeting of the Stockholders held on 25 April 2016, page 4 ▪ Minutes of the Annual Meeting of the Stockholders held on 26 April 2017, page 5
	Remuneration Matters		
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (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.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	Y	<p>The General Information Sheet discloses the fee structure for non-executive directors. This fee structure was approved by stockholders in the Annual Stockholders Meeting.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ 2016 General Information Sheet, page 7 ▪ Minutes of the Annual Meeting of the Stockholders held on 25 April 2016, page 6 ▪ Minutes of the Annual Meeting of the Stockholders held on 06 April 2017, page 6

E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	Y	<p>Default Item as per Insurance Commission Guidelines in Compliance with ACGS (Circular Letter No. 2015-13).</p> <p>The company's Manual of Corporate Governance states that Compensation/Remuneration Committee shall assist the 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:</p> <ul style="list-style-type: none"> • PELAC 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 PELAC Board of Directors but would normally include first level management below Board level. <p>Source Document: Manual of Corporate Governance, C. Remuneration Committee, pages 4 to 5</p>
E.3.15	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	Y	<p>During the last annual stockholders' meeting, the stockholders approved the annual bonus of the independent directors for 2016.</p> <p>Source Document: Minutes of the Annual Meeting of the Stockholders held on 06 April 2017, page 6</p>
Internal Audit			
E.3.16	Does the company have a separate internal audit function?	Y	<p>Under the Manual of Corporate Governance, the Board of Directors is required to establish an Audit Committee and an Internal Audit Office. The same Manual requires the Audit Committee to setup an Internal Audit Department. Thus, by virtue of such mandate, the Group Internal Audit (GIA) was established. GIA's mission was to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls and governance processes across the Group. GIA adopts a risk-based audit plan which considers</p>

			<p>the significant risks affecting the strategies and key objectives of the Company. PELAC GIA is directly overseen and supported by AIA Group Internal Audit, and functionally reports to the Audit Committee, while administratively reporting to the Chief Executive Officer.</p> <p>Source Documents: Manual of Corporate Governance, C. Audit Commitment and Auditors, pages 12 to 13</p>
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Y	<p>Ms. Shiela S. Alarcio was properly identified as the Head of Philam Life Group Internal Audit. Her appointment was made during the organizational meeting of the Board of Directors on 06 April 2016. The function is not outsourced to an external firm.</p> <p>Source Documents: 2016 General Information Sheet, page 3</p>
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	Y	<p>Default Item as per Insurance Commission Guidelines in Compliance with ACGS (Circular Letter No. 2015-13).</p> <p>The Company's Manual of Corporate Governance gives the Audit Committee the authority to appoint the internal auditor. The Audit Committee Charter also provides the Committee the authority to recommend and appoint of the Internal Audit Head, and delegate is responsibilities on the appointment of other internal auditors.</p> <p>Source Documents:</p> <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, pages 3 to 4 – Audit Committee ▪ Audit Committee Charter
	Risk Oversight		
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	Y	<p>The Risk Management of PELAC is within the Enterprise Risk Management of the Philam Group. The following tools were implemented: Risk Control Self-Assessment (RCSA) and Risk Event Capture and Analysis Process (RECAP). On a quarterly basis, the monitoring of the results of RCSA is reported to the Risk Management Committee which includes discussion on the RECAP.</p> <p>Source Documents: 2016 Annual Report, page 14 – ENTERPRISE RISK MANAGEMENT</p>

E.3.20	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?	Y	The Risk Management of PELAC is within the Enterprise Risk Management of the Philam Group. The following tools were implemented: Risk Control Self-Assessment (RCSA) and Risk Event Capture and Analysis Process (RECAP). On a quarterly basis, the monitoring of the results of RCSA is reported to the Risk Management Committee which includes discussion on the RECAP. Source Documents: 2016 Annual Report, page 14 – ENTERPRISE RISK MANAGEMENT
E.3.21	Does the company disclose how key risks are managed?	Y	The Risk Management of PELAC is within the Enterprise Risk Management of the Philam Group. The following tools were implemented: Risk Control Self-Assessment (RCSA) and Risk Event Capture and Analysis Process (RECAP). On a quarterly basis, the monitoring of the results of RCSA is reported to the Risk Management Committee which includes discussion on the RECAP. Source Documents: 2016 Annual Report, page 14 – ENTERPRISE RISK MANAGEMENT
E.3.22	Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	N	
E.4	People on the Board		
	Board Chairman		
E.4.1	Do different persons assume the roles of chairman and CEO?	Y	For 2016, the Chairman of the Board position is being held by Mr. Ariel G. Cantos, while the Chief Executive Officer position was being occupied by Mr. Andreas Rosenthal. Source Document: 2016 Annual Report, page 7, Profile of Messr. Ariel G. Cantos, Chairman and Andreas Rosenthal, CEO
E.4.2	Is the chairman an independent director/commissioner?	N	The Chairman of the Board, Mr. Ariel G. Cantos is considered as executive director of the Company. Source Document: 2016 Annual Report, page 7, Profile of Mr. Ariel G. Cantos

E.4.3	Has the chairman been the company CEO in the last three years?	N	<p>The Chairman of the Board, Mr. Ariel G. Cantos was never been appointed/elected as CEO of the Company for the last three years.</p> <p>Source Document: 2016 Annual Report, page 7, Profile of Mr. Ariel G. Cantos</p>
E.4.4	Are the role and responsibilities of the chairman disclosed?	Y	<p>The Company By-Laws discloses the role and responsibilities of the Chairman of the Board. As provided in Article VI, Section 2 of the Company By-Laws, the Chairman of the Board, when present shall preside at all meetings of the Board of Directors and shall have such other powers and perform such duties as the Board of Directors may from time to time prescribe. He shall also be an ex-officio member of the special and standing committees of the Board. In addition to such other duties as may be prescribed by the Board of Directors, he shall preside at all meetings of the stockholders.</p> <p>Source Document: By-Laws, Article VI, Section 2, page 9</p>
Skills and Competencies			
E.4.5	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	Y	<p>PELAC Currently has one (1) non-executive director, Mr. Richard Sumner, who has prior working experience in the insurance industry.</p> <p>Mr. Sumner leads the AIA Group Tax function and manages the Group's overall tax affairs. In addition to Group level responsibilities, his role involves advising AIA's Business Units in 17 markets across the Asia-Pacific region on a range of tax issues.</p> <p>Source Document: 2016 Annual Report, page 9 - Profile of Mr. Richard Sumner</p>
E.4.6	Does the company disclose a board of directors/commissioners diversity policy?	Y	<p>PELAC supports diversity in the Board of Directors. Under the Manual of Corporate Governance of the Policy, the Board is required to endeavour a balance composition of the Board.</p> <p>For 2016, the Board has one female member, Ms. Victoria S. Licuanan, who is currently a research fellow and adjunct faculty of the Asian Institute of Management (AIM). Her membership has definitely given the Board the added value, skills, expertise and experience necessary to perform its functions.</p>

			Source Documents: <ul style="list-style-type: none"> ▪ Manual of Corporate Governance, page 2 - Board Composition ▪ 2016 Annual Report, page 8 – Profile of Ms. Victoria S. Licunan
E.5	Board Performance		
	<i>Directors Development</i>		
E.5.1	Does the company have orientation programmes for new directors/commissioners?	Y	<p>The PELAC Corporate Secretary provides the orientation for the newly elected directors to explain the organizational profile, charters, by-laws, policies and procedures of the company. A corporate governance seminar is also arranged for each director to ensure adherence to best practices on corporate governance.</p> <p>Source Document: 2016 Annual Report, page 13 - ORIENTATION PROGRAMME AND TRAINING</p>
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Y	<p>In addition to the Corporate Governance Seminar required by the Insurance Commission and the Company, the Board members are also encouraged to attend other trainings and professional programmes, and inform the Company on such attendance.</p> <p>Source Document: 2016 Annual Report, page 13 - ORIENTATION PROGRAMME AND TRAINING</p>
	<i>CEO/Executive Management Appointments and Performance</i>		
E.5.3	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	N	<p>The Company currently does not disclose how the board of directors plan for the succession of the CEO & President and key management.</p>
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Y	<p>The Company has established a Board Performance Evaluation Survey, wherein on an annual basis, all members of the Board are given assessment questionnaires for the purpose of evaluating the performance and overall effectiveness of the Board, the Board Committees, the Chairman of the Board and the CEO. Every April of each year, the Board conducts the performance evaluation, and the results are collected and submitted to the Nomination and Governance Committee. Said Committee will then submit the results to the Board for its notation.</p> <p>Source Document: 2016 Annual Report, page 13 – PERFORMANCE EVALUATION</p>

	Board Appraisal		
E.5.5	Is an annual performance assessment conducted of the board of directors/commissioners?	Y	<p>The Board has conducted the Annual Board Performance Evaluation Survey to evaluate the performance and overall effectiveness of the Board. The Survey was submitted to the Nomination and Governance Committee, and duly noted by the Board.</p> <p>Source Document: 2016 Annual Report, pages 13 – PERFORMANCE EVALUATION</p>
E.5.6	Does the company disclose the process followed in conducting the board assessment?	Y	<p>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 therein. Among the criteria set include but not limited to the following: the appropriateness of the Board's composition; the director's 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 Board and the various Board Committees. 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 Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents: 2016 Annual Report, pages 13 – PERFORMANCE EVALUATION</p>
E.5.7	Does the company disclose the criteria used in the board assessment?	Y	<p>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 therein. Among the criteria set include but not limited to the following: the appropriateness of the Board's composition; the director's 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 Board and the various Board Committees. 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 Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p>

			Source Document: 2016 Annual Report, pages 13 – PERFORMANCE EVALUATION
	Director Appraisal		
E.5.8	Is an annual performance assessment conducted of individual director/commissioner?	Y	<p>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 therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s 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 Board and the various Board Committees. 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 Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents: 2016 Annual Report, pages 13 - PERFORMANCE EVALUATION</p>
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?	Y	<p>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 therein. Among the criteria set include but not limited to the following: the appropriateness of the Board’s composition; the director’s 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 Board and the various Board Committees. 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 Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p>

			<p>Source Documents: 2016 Annual Report, page 13 - PERFORMANCE EVALUATION</p>
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?	Y	<p>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 therein. Among the criteria set include but not limited to the following: the appropriateness of the Board's composition; the director's 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 Board and the various Board Committees. 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 Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents: 2016 Annual Report, page 13 - PERFORMANCE EVALUATION</p>
	Committee Appraisal		
E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?	Y	<p>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 therein. Among the criteria set include but not limited to the following: the appropriateness of the Board's composition; the director's 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 Board and the various Board Committees. 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</p>

			<p>results to the Nomination and Governance Committee for its approval. The results will then be reported to the Board for its notation.</p> <p>Source Documents: 2016 Annual Report, page 13 - PERFORMANCE EVALUATION</p>
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