

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

<b>A. Rights of shareholders</b>			
<b>A.1</b>	<b>Basic shareholder rights</b>	<b>Y/N</b>	<b>Reference/ Source document</b>
A.1.1(P)	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	N	Not Applicable Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
<b>A.2</b>	<b>Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.</b>		
A.2.1(P)	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	N	
<b>A.3</b>	<b>Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures that govern general shareholders meeting.</b>		
A.3.1(P)	Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?	N	<p>The Annual Stockholders' meeting only discussed those items included in the Notice and Agenda. There were no additional and unannounced items in the agenda.</p> <p><b>Source Document:</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Notice Agenda of the Annual Stockholders Meeting</a></li> <li>▪ <a href="#">Minutes of the Annual Stockholders' Meeting</a></li> </ul>
<b>A.4</b>	<b>Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.</b>		
	<b><i>Did the company fail to disclose the existence of:</i></b>		
A.4.1(P)	Shareholders agreement?	N	There was no shareholder agreement executed in 2016 that enabled the other shareholder to obtain certain degree of control disproportionate to its equity ownership.
A.4.2(P)	Voting cap?	N	Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
A.4.3(P)	Multiple voting rights?	N	Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).

<b>A.5</b>	<b>Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.</b>		
A.5.1(P)	Is a pyramid ownership structure and/ or cross holding structure apparent?		Not Applicable Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
<b>B.</b>	<b>Equitable treatment of shareholders</b>		
<b>B.1</b>	<b>Insider trading and abusive self-dealing should be prohibited.</b>		
B.1.1(P)	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	N	There was no conviction of insider trading involving directors/commissioners, management and employees in the past years.
<b>B.2</b>	<b>Protecting minority shareholders from abusive action</b>		
B.2.1(P)	Has there been any cases of non-compliance with the laws, rules and regulations pertaining to significant or material related party transactions in the past three years?	N	There were no cases of non-compliance with laws, rules and regulations pertaining to significant or material related party transactions in the past three years.
<b>C. Role of stakeholders</b>			
<b>C.1</b>	<b>The rights of stakeholders that are established by law or through mutual agreements are to be respected.</b>		
C.1.1(P)	Have there been any violations of any laws pertaining to labour/employment/ consumer/insolvency/ commercial/competition or environmental issues?	N	The Company did not commit violations of any laws pertaining to labor/employment/consumer/insolvency/commercial/competition or environmental issues.
<b>C.2</b>	<b>Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.</b>		
C.2.1(P)	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	N	The Company has not faced any sanctions by regulators for failure to make announcement within the requisite period for material events.
<b>D. Disclosure and transparency</b>			
<b>D.1</b>	<b>Sanctions from regulator on financial reports</b>		
D.1.1(P)	Did the company receive a "qualified opinion" in its external audit report?	N	The Audit Committee concurred and accepted the conclusion of the External Auditors on the financial statements, and was satisfied that the financial statements were in compliance with Philippine Financial Reporting Standards as assessed by the External Auditors.
D.1.2(P)	Did the company receive an "adverse opinion" in its external audit report?	N	The Company received a clean and an unqualified opinion of its External Audit Report.

D.1.3(P)	Did the company receive a "disclaimer opinion" in its external audit report?	Y	The Company received a clean and an unqualified opinion of its External Audit Report.  <b>Source Document:</b> <a href="#">Minutes of the Annual Stockholders Meeting dated 06 April 2017, page 4</a>
D.1.4(P)	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?	N	For the past year, the Company has not revised its financial statements for reasons other than changes in accounting policies.  <b>Source Document:</b> <a href="#">Minutes of the Annual Stockholders Meeting dated 06 April 2017, page 4</a>
<b>E. Responsibilities of the Board</b>			
<b>E.1</b>	<b>Compliance with listing rules, regulations and applicable laws</b>		
E.1.1(P)	Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?	N	Not Applicable Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
E.1.2(P)	Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?	N	Based on records. There were no instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns.
<b>E.2</b>	<b>Board Appraisal</b>		
E.2.1(P)	Does the Company have any independent directors/commissioners who have served for more than nine years or two terms (whichever is higher) in the same capacity?	Y	Mr. Ernesto R. Lagdameo, Jr. served as independent director of the Company for more than 10 years since April 2006.  <b>Source Document:</b> <a href="#">2016 Annual Report, page 6 - List of Stockholders (Date of First Appointment)</a>
E.2.2(P)	Did the company fail to identify who are the independent director(s) / commissioner(s)?	N	Due to their significant qualifications, experience and expertise, the shareholders elected and re-elected the following as Independent Directors of the Company:  Mr. Ernesto R. Lagdameo, Jr. Ms. Victoria S. Licuanan  <b>Source Document:</b> <a href="#">2016 Annual Report, pages 7 and 8 - Profile of Mr. Lagdameo and Ms. Licuanan</a>

<b>E.3</b>	<b>External Audit</b>		
E.3.1(P)	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	N	No director or senior management was a former employee or partner of the current external auditor in the past 2 years.  <b>Source Document:</b> <a href="#">2016 Annual Report, pages 7 to 9 - Profile of Directors</a>
E.4	Board structure and composition		
E.4.1 (P)	Is any of the directors a former CEO of the company in the past 2 years?	N	No director was a former CEO of the Company in the past 2 years.  <b>Source Document:</b> <a href="#">2016 Annual Report, pages 7 to 9 - Profile of Directors</a>

<b>A. Rights of shareholders</b>				
<b>A.1</b>	<b>Basic shareholder rights</b>		Y/N	<b>Reference/ Source document</b>
A.1.1(P)	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	<b>OECD Principle II (A)</b>	N	Not Applicable Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
<b>A.2</b>	<b>Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.</b>			
A.2.1(P)	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	<b>OECD Principle II (G)</b> Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.	N	
<b>A.3</b>	<b>Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.</b>			

A.3.1(P)	Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?	<b>OECD Principle II (C) 2</b>	N	
<b>A.4</b>	<b>Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.</b>			
	<b><i>Did the company fail to disclose the existence of:</i></b>			
A.4.1(P)	Shareholders agreement?	<b>OECD Principle II (D)</b>	N	
A.4.2(P)	Voting cap?		N	Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
A.4.3(P)	Multiple voting rights?		N	Default Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).
<b>A.5</b>	<b>Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.</b>			
A.5.1(P)	Is a pyramid ownership structure and/ or cross holding structure apparent?	<b>OECD Principle II (D):</b> Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.  Some capital structures allow a shareholder to exercise a degree of control over the corporation disproportionate to the		Not Applicable Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).

		shareholders' equity ownership in the company. Pyramid structures, cross shareholdings and shares with limited or multiple voting rights can be used to diminish the capability of noncontrolling shareholders to influence corporate policy.		
<b>B. Equitable treatment of shareholders</b>				
<b>B.1</b>	<b>Insider trading and abusive self-dealing should be prohibited.</b>			
B.1.1(P)	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	<p><b>OECD Principle III: The Equitable Treatment of Shareholders</b> (B) Insider trading and abusive dealing should be prohibited.</p> <p><b>ICGN 3.5 Employee share dealing</b> Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from knowledge which is not generally available to the market.</p> <p><b>ICGN 8.5 Shareholder rights of action</b></p>	N	

		... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.		
<b>B.2</b>	<b>Protecting minority shareholders from abusive action</b>			
B.2.1(P)	Has there been any cases of non compliance with the laws, rules and regulations pertaining to significant or material related party transactions in the past three years?	<p><b>OECD Principle III</b> (B) Insider trading and abusive dealing should be prohibited</p> <p><b>ICGN 2.11.1 Related party transactions</b> Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p><b>ICGN 2.11.2 Director conflicts of interest</b> Companies should have a process for identifying and managing any conflicts of interest directors may have. If a</p>	N	

		<p>director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p> <p><b>ICGN 8.5 Shareholder rights of action</b> Shareholders should be afforded rights of action and remedies which are readily accessible in order to redress conduct of company which treats them inequitably. Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>		
<b>C. Role of stakeholders</b>				
<b>C.1</b>	<b>The rights of stakeholders that are established by law or through mutual agreements are to be respected.</b>			
<b>C.1.1(P)</b>	Have there been any violations of any laws pertaining to labour/employment/ consumer/insolvency/ commercial/competition or environmental issues?	<b>OECD Principle IV</b> (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected.	N	



<b>C.2</b>	<b>Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.</b>			
C.2.1(P)	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	<b>OECD Principle IV</b> (B) Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.	N	
<b>D. Disclosure and transparency</b>				
<b>D.1</b>	<b>Sanctions from regulator on financial reports</b>			
D.1.1(P)	Did the company receive a "qualified opinion" in its external audit report?	<b>OECD Principle V: Disclosure and Transparency</b> (B) Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosures. (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects. (D) External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.	N	
D.1.2(P)	Did the company receive an "adverse opinion" in its external audit report?		N	
D.1.3(P)	Did the company receive a "disclaimer opinion" in its external audit report?		N	
D.1.4(P)	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?		N	

		<p><b>ICGN 6.2 Annual audit</b>  The annual audit carried out on behalf of shareholders is an essential part of the checks and balances required at a company. It should provide an independent and objective opinion that the financial statements fairly represent the financial position and performance of the company in all material respects, give a true and fair view of the affairs of the company and are in compliance with applicable laws and regulations.</p> <p><b>ICGN 7.3 Affirmation of financial statements</b>  The board of directors and the appropriate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</p> <p><b>International Auditing Standard (ISA) No. 705 "Modifications to the Opinion in the Independent Auditor's Report" (2009).</b>  Paras. 7, 8 and 9 specify the three types of modifications to the auditor's opinion; that is, Qualified opinion, Adverse opinion, and Disclaimer opinion respectively.</p>		
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<b>E. Responsibilities of the Board</b>				
E.1	<b>Compliance with listing rules, regulations and applicable laws</b>			
E.1.1(P)	Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?	<p><b>OECD Principle VI (D) (7)</b>  Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards. Companies are also well advised to set up internal programmes and procedures to promote compliance with applicable laws, regulations and standards, including statutes to criminalise bribery of foreign officials that are required to be enacted by the OECD Anti-bribery Convention and measures designed to control other forms of bribery and corruption. Moreover, compliance must also relate to other laws and regulations such as those covering securities, competition and work and safety conditions. Such compliance programmes will also underpin the company's ethical code.</p>	N	Not Applicable Item as per Insurance Commission Guidelines on Compliance with ACGS (Circular Letter No. 2015-13).

E.1.2(P)	Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?	<p><b>UK CODE (JUNE 2010) A.4.3</b> Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.</p>	N	
<b>E.2</b>	<b>Board Appraisal</b>			
E.2.1(P)	Does the Company have any independent directors/commissioners who have served for more than nine years or two terms (which ever is higher) in the same capacity?	<p><b>OECD Principle V</b> (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary</p>	N	

		ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.		
E.2.2(P)	Did the company fail to identify who are the independent director(s) / commissioner(s)?	<b>ICGN 2.4 Composition and structure of the board</b> <b>ICGN 2.4.1 Skills and experience</b> <b>ICGN 2.4.3 Independence</b>		
<b>E.3</b>	<b>External Audit</b>			
E.3.1(P)	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	<b>OECD Principle V</b> (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.  Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-	N	

		audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.		
<b>E.4</b>	<b>Board structure and composition</b>			
E.4.1 (P)	Is any of the directors a former CEO of the company in the past 2 years?		N	