

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

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

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

### **A. QUALIFICATIONS**

#### **a. Directors**

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

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

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

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

## **B. DISQUALIFICATION**

### **a. Permanently Disqualified**

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

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

### **b. Temporary Disqualified**

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

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