

## 2022 Annual Corporate Governance Report BPI AIA LIFE ASSURANCE CORPORATION

### A. THE BOARD'S GOVERNANCE RESPONSIBILITIES

#### PRINCIPLE 1: ESTABLISHING A COMPETENT BOARD

The company should be headed by a competent working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long term interests of its shareholders and other stakeholders.

RECOMMENDED CORPORATE GOVERNANCE PRACTICE/POLICY	COMPLIANT NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p><b>Recommendation 1.1</b> The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board should always ensure that it has an appropriate mix of competent and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p>	COMPLIANT	<p>As shown in the Directors' Profile in BPI AIA's 2022 Annual Report, the board consists of members from diverse but relevant background. The Board's non-executive directors, apart from their extensive insurance background likewise have lengthy experiences in the field of banking and finance (Mr. Jose Teodoro Limcaoco and Ms. Maria Theresa D. Marcial), and insurance (Kelvin Ang), to name a few. The company's independent directors, Mr. Jesse O. Ang and Ms. Stephanie Sy, are seasoned and multi-awarded directors who have served either as senior executives or as board member of several public and private enterprises within the country or abroad in diverse industries. The Company's sole executive director and CEO, Mr. Surendra Menon, is a catalyst in the bancassurance industry with deep experience in actuarial, financial planning, and investment management qualifications from UK, Singapore, and Indonesia. Mr. Menon was replaced effective 9 January 2023 by Ms. Karen Custodia who is equally experienced and well-versed in the bancassurance business. <a href="#">See Annual Report pages 31-37, Board of Directors' Profile</a></p> <p>The Board 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. The Company's Revised Corporate Governance Policy and Procedure Manual (RCGM) prescribes a formal, rigorous and transparent procedure for the selection and appointment of directors of the board and senior management. xxx The Company, through its major shareholder and the Corporate Governance Committee (acting as the Nomination and Remuneration Committee, pursuant to IC Circular 2020-71), consider the knowledge, competencies, skills, and experience of the nominee-director or senior executives, taking into account the Company's business objectives and strategies. The Company ensures that its board membership and senior management consist of highly qualified individuals with sufficiently diverse talent, skills, experiences and background and possess a record of integrity and good repute. Another primary consideration in the hiring process is, based on the wealth of experiences of the nominees, their possible contribution to the development and achievement of strategies and ultimate achievement of the Company's goals and objectives. This is important to ensure that the quality of directors is aligned with the Company's strategic directions. <a href="#">See Annual Report, page 41, Board and Senior Management Succession and Selection Process</a></p>	Not applicable

<p><b>Recommendation 1.2</b> The Board should be composed of a <b>majority of non-executive</b> directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on company affairs and to substantiate proper checks and balances.</p>	COMPLIANT	<p>The following are board members of the company:</p> <ol style="list-style-type: none"> <li>1. Mr. Jose Teodoro Limcaoco - Non-Executive Director, Chairman of the Board</li> <li>2. Mr. Wing Shing (Jacky) Chan - Non-Executive Director (resigned 17 May 2022)</li> <li>3. Mr. Leo Michel Grepin – Non-Executive Director (elected 17 May 2023)</li> <li>4. Mr. Surendra Menon – Executive Director, Chief Executive Officer (resigned 09 January 2023)</li> <li>5. Ms. Katherine P. Custodia – Executive Director, Chief Executive Officer (elected 09 January 2023)</li> <li>6. Mr. Chee Keong (Kelvin) Ang - Non-Executive Director</li> <li>7. Mr. Jesse Ang - Independent Director</li> <li>8. Ms. Stephanie Sy - Independent Director</li> <li>9. Mr. Jaime Urquijo - Non-Executive Director (resigned 28 July 2022)</li> <li>10. Ms. Maria Theresa D. Marcial – Non-Executive Director (elected 28 July 2022)</li> </ol> <p>As shown, the company has only one (1) executive director and all others are independent or non-executive directors. <a href="#">See Annual Report pages 31-37, Board of Directors' Profile</a></p>	Not applicable
<p><b>Recommendation 1.3</b> The Company should provide in its Board Charter or Manual of Corporate Governance a policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors.</p>	COMPLIANT	<p>The Revised Corporate Governance Policy and Procedure Manual (RCGM) was approved in a board meeting last 21 October 2020 wherein the policy on training and training topics in accordance with IC CL 2020-71 were institutionalized. The Corporate Secretary conducts on-boarding training to new directors while continuous annual board training is likewise sponsored by the Company since 2020 onwards. <a href="#">See website, Revised Corporate Governance Policy, pages 15-16</a></p> <p>The 4-hour annual continuing board training for 2022 was conducted last 5 December 2022 conducted by SGV &amp; Co., and an internal speaker. It covered mandatory topics as required by IC CL 2020-71 including Anti-Money Laundering and Terrorist Financing, Cybersecurity, Sustainability Reporting, among others. <a href="#">See Annual Report, page 53, Insurance Commission Mandated Annual Continuing Training</a></p>	Not applicable
<p><b>Recommendation 1.4</b> The Board should have a policy on board diversity.</p>	COMPLIANT	<p>The Board approved the company's Revised Board Diversity Policy last 27 October 2021. <a href="#">See Annual Report, page 48, Board Diversity Policy</a></p> <p>Out of 7 members of the Board, 3 are female directors as of 9 January 2023. <a href="#">See Annual Report, pages 31-37, Board of Directors Profile</a></p>	Not applicable



<p><b>Recommendation 1.5</b> The Board should ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should attend annually a training on corporate governance.</p>	COMPLIANT	<p>The Company's Corporate Secretary, Carla J. Domingo, is a fellow of the Institute of Corporate Directors and a lawyer by profession. She is assisted by the Assistant Corporate Secretary, Jenny Anne Dones. She is not the company's Compliance Officer. She attended the annual continuing training on corporate governance together with the Board last 5 December 2022. <a href="#">See Annual Report, pages 37-38, Board Support</a></p> <p>The functions of the Corporate Secretary are provided for in the By-Laws and the Corporate Governance Policy and Procedure Manual (RCGM). <a href="#">See Corporate Governance Policy and Procedure Manual, page 21- 22</a></p> <p>Qualifications of the Corporate Secretary may be found on the website: <a href="https://www.aia.com.ph/en/about-philamlife/our-management-team.html">https://www.aia.com.ph/en/about-philamlife/our-management-team.html</a></p>	Not applicable
<p><b>Recommendation 1.6</b> The Board should ensure that it is assisted in its duties by a Compliance Officer who should have a rank of Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.</p>	COMPLIANT	<p>The Company's Chief Compliance Officer (CCO), Ms. Maria Cristina Helena G. Samaniego, is a senior officer with a rank equivalent to Senior Vice President and is a member of the company's Executive Committee. Ms. Samaniego is not a member of the Board. She attended the 4-hour annual continuing training on corporate governance together with the Board last 5 December 2022. <a href="#">See Annual Report, page 38, Board Support</a></p> <p>The functions of Compliance Officer are provided for in the Revised Corporate Governance Policy and Procedure Manual (RCGM). <a href="#">See Corporate Governance Policy and Procedure Manual, page 22</a></p> <p>Qualifications of the Compliance Officer may be found on the website: <a href="https://www.aia.com.ph/en/about-philamlife/our-management-team.html">https://www.aia.com.ph/en/about-philamlife/our-management-team.html</a></p>	Not applicable
<p><b>PRINCIPLE 2: ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD</b>The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws and other legal pronouncement and guidelines should be clearly made known to all directors as well as shareholders and other stakeholders</p>			
<p><b>Recommendation 2.1</b> The Board members should act on a fully informed basis, in good faith with due diligence and care, and in the best interest of the company and shareholders</p>	COMPLIANT	<p>To ensure that Board members are fully informed, the notice of meeting is sent to the Board more than 30 days prior while the agenda and presentation materials to be used during board meetings are sent in full to the board members at least five (5) business days prior to the meeting. Further, management is obliged to supply the Board with adequate and reliable information in a timely manner to enable the Board to make informed decisions. <a href="#">See website, Board Charter, item VI Conduct of Meetings, page 6</a></p> <p>Board functions and how the board performed their duties are provided in the Bylaws of the Company, the RCGM, the Board Charter, and the Annual Report. <a href="#">See Bylaws, pages 4-10</a> <a href="#">See RCGM, pages 8-11</a> <a href="#">See Board Charter, pages 6-14</a></p>	Not applicable

<p><b>Recommendation 2.2</b> The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long term-viability and strength.</p>	<p>COMPLIANT</p>	<p>As provided in the Revised Corporate Governance Policy and Procedure Manual (RCGM), one of the main responsibilities of the Board is to oversee the development of and approve on an annual or quarterly basis the business objectives, strategies and capital plans of the Company, and monitor their implementation in order to sustain the Company's long-term viability and strength. As such, these matters are part of board or committee meetings' agenda on a regular basis. Strategies, capital plans, achievement of business objectives, and results of operations are reported and discussed <u>quarterly</u> to the Board and relevant in the CEO and CFO reports.</p> <p><a href="#">See website, Corporate Governance Manual, page 8, Roles and Responsibilities of the Board 4.4 (b)</a></p>	<p>Not applicable</p>
<p><b>Recommendation 2.3</b> The Board should be headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Board is Mr. Jose Teodoro Limcaoco. He was appointed as President and CEO of the Bank of the Philippine Islands on 22 April 2022. Before coming to BPI, he was the Chief Finance Officer, Chief Risk Officer, and Chief Sustainability Officer of Ayala Corporation, a PSE- listed company. He was also the Chairman of AC Energy International, Inc. (formerly Presage Corporation) and the President and CEO of AC Ventures Holding Corp. He was also a Director of several Ayala companies, including publicly listed Globe Telecom and Integrated Micro-electronics Inc., and the energy, infrastructure, industrials and healthcare companies of Ayala. He was also a director of the company that operates Zalora Philippines. He remains a director of Mynt, operator of GCash. He graduated from Stanford University with a BS Mathematical Sciences degree (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.</p> <p><a href="#">See Annual Report, pages 31-32, Board Profile</a></p>	<p>Not applicable</p>

<p><b>Recommendation 2.4</b> The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors, and key officers as part of management succession and to promote dynamism in the company</p>	<p>COMPLIANT</p>	<p>The Board 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. The Company's Corporate Governance Manual (RCGM) prescribes a formal, rigorous and transparent procedures for the selection and appointment of directors of the Board and senior management. xxx The Company, through its major shareholder and the Corporate Governance Committee (acting as the Nomination and Remuneration Committee, pursuant to IC Circular 2020-71), consider the knowledge, competencies, skills, and experience of the nominee-director or senior executives, taking into account the Company's business objectives and strategies. The Company ensures that its Board membership and senior management consist of highly qualified individuals with sufficiently diverse talents, skills, experience and background and possess a record of integrity and good repute. Another primary consideration in the hiring process is, based on the wealth of experiences of the nominees, their possible contribution to the development and achievement of strategies and ultimate achievement of the Company's goals and objectives. This is important to ensure that the quality of directors is aligned with the Company's strategic directions. <a href="#">See Annual Report, page 41, Board and Senior Management Succession and Selection Process</a></p> <p>Annually, the Board approved and adopted the Company's annual Organization People Review (OPR) aimed at ensuring effective succession planning for directors, key officers and management to ensure growth and continued increase in the shareholders' value. <a href="#">See 2022 Annual Report, page 52, Annual Organization People Review and Performance Development Dialogue (PDD)</a></p> <p>Further, as part of succession planning and to promote dynamism in the Company, the Board approved the Retirement Age Policy that provides, among others, the maximum tenure for independent directors to be aligned with local regulations; for retirement age of directors other than independent, key officers and employees; and for the procedures for their retirement. <a href="#">See Annual Report, page 48, Retirement Age Policy</a></p>	<p>Not applicable</p>
<p><b>Recommendation 2.5</b> The board should be able to formulate a policy specifying the relationship between remuneration and performance of key officers and board members which should be aligned with long term interests of the company. Further, no director should participate in discussions or deliberations involving his own remuneration.</p>	<p>COMPLIANT</p>	<p>The Board approved the company's Remuneration Policy which ensures that the Board' and senior management' remuneration programs are designed to be market competitive, fully compliant with local regulations, and foster a strong performance-oriented culture within an appropriate risk management framework.</p> <p><a href="#">See Annual Report, page 42, Remuneration Policy</a></p>	<p>Not applicable</p>

<p><b>Recommendation 2.6</b></p> <p>The board should have and disclose in its Manual of Corporate Governance a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates.</p>	<p>COMPLIANT</p>	<p>The formal process for board nomination and election are stated in the company's Revised Manual of Corporate Governance Policy and Procedure Manual (RCGM). It provides, among others, that election and/or appointments to the Company's Board of Directors shall be made on merit and subject to objective criteria. In the nomination and election process, the Board and the shareholders shall review and evaluate the qualifications of all persons nominated in the Board, including whether the candidates: 1) possess the knowledge, skills, competence and experience, in terms of management capabilities, preferably in the field of insurance or insurance-related disciplines; 2) in the case of non-executive independent directors, independence of mind given their responsibilities to the Board and in light of the Company's business and risk profile; 3) have a record of integrity, credibility and good repute; 4) have sufficient time to carry out their responsibilities; and 5) have the ability to promote a smooth interaction between board members. In searching for qualified candidates, the Company may resort to the use of professional search firms or external sources. All directors shall be subject to election by the shareholders (including minority) of the Company at the annual stockholders' meeting after their nomination, and to be re-elected thereafter on an annual basis.</p> <p><a href="#">See website, Corporate Governance Policy and Procedure Manual, page 11-12, Nomination in the Board</a></p>	<p>Not applicable</p>
<p><b>Recommendation 2.7</b></p> <p>The Board should have overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequent occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>COMPLIANT</p>	<p>The Related Party Transaction (RPT) Policy sets the parameters to determine which transaction are considered material given pre-defined materiality threshold set out in the RPT Policy. All related party transactions are reported to the management level, Regulatory and Compliance Committee for approval (non-material RPTs) and endorsement to the Board Audit and RPT Committee (material RPTs). The board-level, Audit and RPT Committee, approves material RPTs and endorses the same to the Board and stockholders for approval and ratification. <a href="#">See Annual Report, pages 59-60, Related Party Transaction</a></p> <p>Related party transactions are disclosed in the Notes to the Audited Financial Statement; <a href="#">See Annual Report, pages 81-88, Audited Financial Statements - Related Party Transactions</a></p>	<p>Not applicable</p>



<p><b>Recommendation 2.8</b> The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO) and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>As provided in the Company's Corporate Governance Policy and Procedure Manual (RCGM), it is the Board's primary duty to approve the selection and assessment of the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads, the Chief Risk Officer, Chief Compliance Officer, and Head of Internal Audit. <a href="#">See website, Corporate Governance Policy and Procedure Manual, pages 8-10, Roles and Responsibilities of the Board</a></p> <p>The Management Team appointed by the Board is published on the Company website: <a href="https://www.bpi-aia.com.ph/en/about-us/our-people.html">https://www.bpi-aia.com.ph/en/about-us/our-people.html</a></p> <p>The evaluation forms for the Board, the Committees, and key officers above are likewise uploaded on website. <a href="#">See Annual Performance Evaluation Survey</a></p> <p>For 2022, the Annual Board Performance Evaluation Survey was supported by an external facilitator, the Good Governance Advocates &amp; Practitioners of the Philippines or GGAPP. The 2022 Performance Evaluation was participated by the members of the Board. xxx As likewise required by the Insurance Commission's Circular on Corporate Governance, the Board through the external facilitator also evaluated the key officers of the Company, particularly the Chief Executive Officer, the Risk Officer and Compliance Officer, and the Head of Internal Audit, who all received exemplary in rating various criteria such as leadership, integrity, and governance noting their clear knowledge and understanding of their respective functions and responsibilities. <a href="#">See Annual Report, pages 43-44, Performance Evaluation</a></p>	<p>Not applicable</p>
<p><b>Recommendation 2.9</b>The Board should establish an effective performance management framework that will ensure that the management, including the Chief Executive Officer, and the personnel's performance is at par with the standards set by the Board and Senior Management</p>	<p>COMPLIANT</p>	<p>The Board has approved the company's Performance Development Dialogue (PDD) ensuring that performance of all officers and employees are in accordance with the goals and objectives of the company. PDD also aims to encourage employees to actively participate in the realization of the company's goals and governance by aligning individual goals of employees with the company strategic goals. For 2022, each employee who is a member of the Management Committee has specific risk and compliance goals as part of their performance target. <a href="#">See Annual Report, page 52, Annual Organization People Review and Performance Development Dialogue</a></p>	<p>Not applicable</p>

<p><b>Recommendation 2.10</b> The Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.</p>	<p>COMPLIANT</p>	<p>The Board established the Audit and Related Party Transactions (RPT) Committee to enhance its oversight capability over the Company’s financial reporting, internal control system, internal and external audit processes, related party transactions, and compliance with applicable laws and regulations. The Audit and RPT Committee shall ensure that all transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations, in order to protect the interest of the Company, its shareholders, policyholders, clients, creditors and other stakeholders.</p> <p>The Board has also approved the Internal Audit Charter last 12 August 2021. <a href="#">See Annual Report, page 48, Internal Audit Charter</a></p> <p>See also our website:  <a href="#">1. Revised Corporate Governance Policy and Procedure Manual</a>  <a href="#">2. Audit and Related Party Transactions Committee Charter</a></p>	<p>Not applicable</p>
<p><b>Recommendation 2.11</b> The Board should oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>COMPLIANT</p>	<p>The Board, through the Board Risk Committee (BRC), is responsible for the oversight of the Company’s Enterprise Risk Management (ERM) framework to ensure its effectiveness. BRC is responsible for the development of ERM Framework and oversees its implementation through the Group Risk Management Committee (GRMC); it conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports; and assesses how the concerned units or offices are addressing and managing these risks; evaluates the risk management framework to ensure its continued relevance, comprehensiveness and effectiveness; advises the Board on risk appetite levels and risk tolerance limits and the review of such; assessment of the risks to any potential financial impact that it may have; and reports to the board on a regular basis or as deemed necessary.</p> <p><a href="#">See website: Revised Corporate Governance Manual, page 28-30</a>  <a href="#">See also: Board Risk Committee Charter, page 7-8</a></p> <p>At the management level, the company has Risk and Compliance Office headed by the Chief Risk Officer (CRO) who implements the company's ERM Framework to identify, assess, manage and monitor risk exposures, with the company's Board Risk Committee maintaining oversight on the same. The company operates using the three lines of defense model in running its Risk Management Framework (RMF). The model defines primary risk ownership by the business areas in order to drive a strong culture of ethics and accountability in the way business is conducted day to day. In this way, risks are identified and mitigated immediately as they emerge.</p> <p><a href="#">See Annual Report, page 38, Board Support</a>  <a href="#">See also Annual Report, pages 69-72, Enterprise Risk Management</a></p>	<p>Not applicable</p>



<p><b>Recommendation 2.12</b> The Board should have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the company's website.</p>	COMPLIANT	<p>The company's Board Charter was approved by the Board last 21 October 2020 as amended on 20 April 2023.</p> <p><a href="#">See Board Charter</a></p>	Not applicable
<p><b>PRINCIPLE 3. ESTABLISHING BOARD COMMITTEES</b> <b>Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</b></p>			
<p><b>Recommendation 3.1</b> The Board should establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	COMPLIANT	<p>The company's Board Committees, among others, are:</p> <ol style="list-style-type: none"> <li>1. Audit &amp; Related Party Transactions Committee <a href="#">See Audit &amp; RPT Committee Charter</a></li> <li>2. Corporate Governance Committee <a href="#">See Corporate Governance Committee Charter</a></li> <li>3. Board Risk Committee <a href="#">See Board Risk Committee</a></li> </ol>	Not applicable
<p><b>Recommendation 3.2</b> The Board should establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.</p>	COMPLIANT	<p>The constitution, authority, frequency and conduct of meetings, objectives and other details about the Audit and RPT Committee are contained in its Charter as posted on Company website.</p> <p>As shown in the Charter, part of the duties of the Committee is to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and on the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal of that auditor. <a href="#">See Audit &amp; RPT Committee Charter</a></p> <p>The company's Audit and RPT Committee is composed of the following directors:</p> <ol style="list-style-type: none"> <li>1. Mr. Jesse Ang - Independent Director, Chairman;</li> <li>2. Mr. Chee Keong (Kelvin) Ang - Non-Executive Director; and</li> <li>3. Ms. Stephanie Sy - Independent Director.</li> </ol> <p><a href="#">See Annual Report, page 46, Board Committees</a></p> <p>The members of the committee are appropriately qualified non-executive directors, the majority of whom, including the Chairman, are independent. All of the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee, Mr. Ang, is not the chairman of the Board or of any other committees.</p>	Not applicable

		<p>The profile (qualifications) of each of the above Committee members are disclosed in the Annual Report - <a href="#">See Annual Report pages 31-37, Board of Directors' Profile</a></p>	
<p><b>Recommendation 3.3</b> The Board should establish a <b>Corporate Governance Committee</b> that should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>The constitution, authority, frequency and conduct of meetings, objectives and other details about the Corporate Governance Committee are contained in its Charter as posted on Company website. Pursuant to IC CL 2020-71, the Corporate Governance Committee serves as the Nomination and Remuneration Committee. <a href="#">See website, Corporate Governance Committee Charter</a></p> <p>In compliance with the IC CL 2020-71, the Corporate Governance Committee members are:  1. Ms. Stephanie Sy (independent director) - Chairman  2. Mr. Jesse O. Ang (independent director)- Member  3. Mr. Chee Keong (Kelvin) Ang (non-executive director)- Member</p> <p>Majority of the members, including the Chairman, are independent directors. <a href="#">See Annual Report, page 46, Board Committees</a></p> <p>The profile (qualifications) of each of the above Committee members including the Chairperson are disclosed in the Annual Report. <a href="#">See Annual Report pages 31-37, Board of Directors' Profile</a></p> <p>On the nomination and selection process: <a href="#">See Annual Report, page 41, Board and Senior Management Succession and Selection Process</a></p>	<p>Not applicable</p>
<p><b>Recommendation 3.4</b> Subject to a corporation's size, risk profile and complexity of operations, the Board should establish a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.</p>	<p>PARTIALLY COMPLIANT</p>	<p>The Board has an existing Board Risk Committee (BRC) which has oversight of the company's Enterprise Risk Management system. In compliance with IC CL2020-71, the members of the BRC are as follows:  1. Mr. Kelvin Ang, non-executive director - Chairman  2. Mr. Jesse Ang, independent director - Member  3. Ms. Stephanie Sy, independent director - Member  The members of the Company's BROC are majority independent directors. The Chairman is a non-executive director. <a href="#">See Annual Report, page 46, Board Committees</a> The profile of each of the above Committee members including the Chairperson are disclosed in the Annual Report <a href="#">See Annual Report, pages 31-37, Board of Directors' Profile</a></p>	<p>All members of the BRC are non-executive directors and majority are independent directors. The BRC Chair is not chairing any other board committee except the BRC.</p>

<p><b>Recommendation 3.5</b> Subject to a corporation's size, risk profile and complexity of operations, the board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>The Board has an existing Board Risk Committee (BRC) which has oversight of the company's Enterprise Risk Management system. The constitution, authority, frequency and conduct of meetings, objectives and other details about the Board Risk Committee are contained in its Charter as posted on Company website. <a href="#">See Board Risk Committee Charter</a></p> <p>The Board has an existing Audit and RPT Committee delegated by the Board to review related party transactions of the Company. The members of the Committee are as follows:  1. Mr. Jesse Ang - Independent Director, Chairman;  2. Mr. Chee Keong (Kelvin) Ang - Non-Executive Director; and  3. Ms. Stephanie Sy - Independent Director.  <a href="#">See Annual Report, page 46, Board Committees</a></p> <p>The profile of each of the above Committee members including the Chairperson are disclosed in the Annual Report - <a href="#">See Annual Report pages 31-37, Board of Directors' Profile</a></p>	<p>Not applicable</p>
<p><b>Recommendation 3.6</b> All established committees should be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees. It should also be fully disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>The constitution, authority, frequency and conduct of meetings, objectives and other details about the Audit and RPT Committee are contained in its Charter as posted on Company website. <a href="#">See website, Audit and RPT Committee Charter</a></p> <p>The committee charters - Audit and RPT Committee, Board Risk Committee, Corporate Governance Committee - are posted on company website.</p> <ol style="list-style-type: none"> <li>1. Audit &amp; Related Party Transactions Committee - <a href="#">See Audit &amp; RPT Committee Charter</a></li> <li>2. Corporate Governance Committee - <a href="#">See Corporate Governance Committee Charter</a></li> <li>3. Board Risk Committee - <a href="#">See Board Risk Committee</a></li> </ol>	<p>Not applicable</p>

**PRINCIPLE 4: FOSTERING COMMITMENT**

To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

<p><b>Recommendation 4.1</b> The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.</p>	<p>COMPLIANT</p>	<p>The Board had a total of nine (9) meetings in 2022. The directors received the meeting pack five (5) days in advance. The meeting pack includes among others, the Board and Committee Meeting Minutes for approval of the Board, the business and financial highlights of the Company and other items that need Board action and approval. For 2022, the Board of Directors had a total of five (5) meetings where the Board posted an overall attendance rate of 98.41%. <a href="#">See Annual Report, pages 46-47, Board Meetings in 2022</a></p> <p>The Board Charter and RCGM govern the Company's rule on the attendance, conduct of and participation in board, committee and shareholders' meeting. <a href="#">See Board Charter</a> <a href="#">See RCGM</a></p>	<p>Not applicable</p>
<p><b>Recommendation 4.2</b> The non-executive directors of the Board should concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities and Publicly Listed Companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the longterm strategy of the company</p>	<p>COMPLIANT</p>	<p>The Revised Code of Corporate Governance Policy and Procedure Manual (RCGM) provides for optimum number of directorships. It mandates that non-executive directors can only serve as directors to a maximum of five (5) publicly listed companies. All directors are also required to disclose their incumbent directorship or before accepting a new directorship in another company.</p> <p>Moreover, NEDs directorships in any company and affiliations are declared in their respective biographical data submitted annually to the Insurance Commission.</p> <p><a href="#">See Corporate Governance Policy and Procedure Manual, page 8, 4.3 Multiple Board Seats</a> <a href="#">See Annual Report, pages 31-37, Board of Directors Profile</a></p>	<p>Not applicable</p>
<p><b>Recommendation 4.3</b> A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>Directors are required to disclose their incumbent directorship as stated in the immediately preceding row.</p>	<p>Not applicable</p>

**PRINCIPLE 5. REINFORCING BOARD INDEPENDENCE**

The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

<p><b>Recommendation 5.1</b> The Board should be composed of at least twenty percent (20%) independent directors</p>	<p>COMPLIANT</p>	<p>The following are board members of the company:</p> <ol style="list-style-type: none"> <li>1. Mr. Jose Teodoro Limcaoco - Non-Executive Director, Chairman of the Board</li> <li>2. Mr. Wing Shing (Jacky) Chan - Non-Executive Director (resigned 17 May 2022)</li> <li>3. Mr. Leo Michel Grepin – Non-Executive Director (elected 17 May 2023)</li> <li>4. Mr. Surendra Menon – Executive Director, Chief Executive Officer (resigned 09 January 2023)</li> <li>5. Ms. Katherine P. Custodia – Executive Director, Chief Executive Officer (elected 09 January 2023)</li> <li>6. Mr. Chee Keong (Kelvin) Ang - Non-Executive Director</li> <li>7. Mr. Jesse Ang - Independent Director</li> <li>8. Ms. Stephanie Sy - Independent Director</li> <li>9. Mr. Jaime Urquijo - Non-Executive Director (resigned 28 July 2022)</li> <li>10. Ms. Maria Theresa D. Marcial – Non-Executive Director (elected 28 July 2022)</li> </ol> <p>As shown, the Board is composed of 28.57% independent directors. <a href="#">See Annual Report, pages 31-37, Board of Directors' Profile</a></p>	<p>Not applicable</p>
<p><b>Recommendation 5.2</b> The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.</p>	<p>COMPLIANT</p>	<p>The company's independent directors, Mr. Jesse Ang and Ms. Stephanie Sy, have served either as senior executives or as board member of several public and private enterprises within the country or abroad in diverse industries. Even so, none of their past background and affiliations can pose any material conflict of interest nor affect their independent judgement as board member of the company since they have not been connected with the company or any of its subsidiaries and affiliates in the past or present except as such independent director. <a href="#">See Annual Report, pages 34-35, Board of Directors' Profile</a></p> <p>On the qualifications of independent directors - <a href="#">See Corporate Governance Policy and Procedure Manual, 6. Independent Directors, page 17-18</a></p>	<p>Not applicable</p>

<p><b>Recommendation 5.3</b> The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting</p>	COMPLIANT	<p>The company follows the Insurance Commission's 9-year term limit for independent directors. Mr. Jesse Ang joined the Board on April 2019 while Ms. Stephanie Sy joined on July 2019. Thus, none of the independent directors (INEDs) exceed the 9-year term as mandated by the Insurance Commission. See Annual Report, page XXXX, Board of Directors' Profile. The RCGM provides that term limit of INEDs shall be cumulative of 9 years reckoned from 02 January 2015 - <a href="#">See Corporate Governance Policy and Procedure Manual, 6.2 Term Limit of Independent Directors, page 19</a></p>	Not applicable
<p><b>Recommendation 5.4</b> The positions of Chairman of the Board and Chief Executive Officer should be held by separate individuals and each should have clearly defined responsibilities.</p>	COMPLIANT	<p>The Company's CEO is Mr. Surendra Menon while the Chairman of the Board is Mr. Jose Teodoro K. Limacaoco (non-executive director). In 09 January 2023, Ms. Katherine P. Custodia replaced Mr. Surendra as CEO of the Company. <a href="#">See Annual Report, page 31-33, Board of Directors' Profile</a></p> <p>The responsibilities of the Board Chairperson and the CEO as defined in the company's Revised Code of Corporate Governance are distinct and separate. <a href="#">See Corporate Governance Policy and Procedure Manual, pages 16-17</a></p>	Not applicable
<p><b>Recommendation 5.5</b> The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.</p>	COMPLIANT	<p>Mr. Jesse Ang was appointed as Lead Independent Director last 22 October 2020 board meeting and re-appointed as such on 28 April 2021. <a href="#">See Annual Report, pages 34-35, Board of Directors</a></p>	Not applicable
<p><b>Recommendation 5.6 A</b> Director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.</p>	COMPLIANT	<p>The Board of Directors will be the final approving authority of all material related party transactions (RPTs) for confirmation by stockholders in its annual meeting. The RPT Policy of the Company provides that any director who has an interest in a related party transaction as defined under the policy must abstain from deliberation and approval of such transaction. Directors execute annual RPT recertification to ensure compliance with the Company's RPT Policy. Related party transactions are disclosed in the Notes to the Audited Financial Statement; For 2022, the Company declares that all related party transactions are conducted in arm's length basis and that no individual director has any RPT with the company.</p> <p><a href="#">See Annual Report, pages 59-60, Related Party Transaction</a></p>	Not applicable

<p><b>Recommendation 5.7</b> The non-executive directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.</p>	COMPLIANT	<p>As provided in the Code of Corporate Governance Policy and Procedure Manual (RCGM), the non-executive and independent directors are encouraged to have separate periodic meetings with the External Auditor, Head of Internal Audit, and Head of Risk and Compliance without the presence of the executive director. The meeting is to be chaired by the lead independent director. <a href="#">See Corporate Governance Policy and Procedure Manual, page 15, Board Meetings (last paragraph)</a></p> <p>For 2022, the non-executive directors of the company had separate meetings with the External Auditor and Head of Group Internal Audit Philippines without the presence of management on 27 January; 28 April; 28 July and 24 October. <a href="#">See Annual Report, page 46-47, Board Meetings in 2022</a></p>	Not applicable
<p><b>Principle 6. Assessing Board Performance</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p>			
<p><b>Recommendation 6.1</b> The Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator.</p>	COMPLIANT	<p>As provided in the Revised Code of Corporate Governance Policy and Manual (RCGM), a formal and rigorous evaluation of the performance of the Board, its Committees, the Board Chairman, CEO, and individual directors shall be taken annually. The Corporate Secretary shall provide the necessary support to the Board in conducting the evaluation but the Board may consider engaging an external facilitator once every 3 years. <a href="#">See Corporate Governance Policy and Procedure Manual, pages 27-28, Annual Board Performance Evaluation and Shareholder's Feedback Mechanism</a></p>	Not applicable
<p><b>Recommendation 6.2</b> The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p>	COMPLIANT	<p>Performance evaluation of the Board, CEO, individual directors and Committees is to be undertaken annually. The result of which is to be presented to the shareholders for their comments. The company further appointed the Corporate Secretary as the Chief Investor Relations Officer who may act as point of contact for shareholders to raise their concerns. <a href="#">See Corporate Governance Policy and Procedure Manual, pages 27-28;</a></p> <p>In compliance thereto, for 2022, performance evaluation survey of the Board, was supported by an external facilitator, the Good Governance Advocates &amp; Practitioners of the Philippines or GGAPP. The 2022 Performance Evaluation was participated by the members of the Board. Key observations noted are, among others: a. the Board is composed of directors that are experienced and knowledgeable in matters relating to the Company's operations and also possess the diversity needed to encourage and support independent, effective and informed discussions; b. Directors feel that the Company's Board sufficiently performs its general duties and responsibilities in a manner that is aligned with corporate governance best practices. The Company's Board is guided by the necessary supporting policies, such as a Corporate Governance Policy and Procedure Manual and a Code of Conduct; c. Meetings are regular and frequent enough that the Board is able to fully perform its duties and functions. The Company's Board meetings are purposeful and prearranged which gives directors more time to prepare, as well as formulate strategies relating to the matters to be taken up.</p> <p>On the Committees, the third-party facilitators key observation stated that the Company's Board Committees are</p>	Not applicable

		<p>structured to perform at an optimal level. Each committee is composed of an adequate number of directors that ensures meaningful discussions on the respective committees objectives. The composition, functions and responsibilities of the respective committees are contained in publicly-available committee charters and are firmly established and upheld. Said charters, along with governance related policies and programs are reviewed periodically and amended and updated as needed.</p> <p>For the individual directors, the key observation for the performance evaluation in 2022 includes: A director’s loyalty and commitment to his/her organization is the staple of good governance and may be seen in the way he/she carries himself/herself in the performance of his/her duties and responsibilities. The Company’s directors are aware of this and contribute to the organization’s relative success willingly. Integrity at the board level serves as the example of honest and responsible leadership needed to foster a culture of good corporate governance throughout an organization. Based on the evaluation, directors adhere to this concept and abide by the principles and standards of good corporate governance. <a href="#">See Annual Report, Performance Evaluation, pages 43-44;</a> <a href="#">See Performance Evaluation Survey Form</a></p>	
<p><b>Principle 7. Strengthening Board Ethics</b>  <b>Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b></p>			
<p><b>Recommendation 7.1</b>  The Board should adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>The company has a Code of Conduct (<i>commonly known as Code of Ethics</i>) which all employees are required to certify their faithful compliance on an annual basis. The Code is posted on company website. <a href="#">See Code of Conduct</a></p> <p><b>CODE OF CONDUCT ANNUAL CERTIFICATION</b>  To ensure that all AIA Philippines employees are aware of the provisions of the AIA Code of Conduct, an annual certification program is conducted whereby all employees confirm their knowledge, understanding, and practice of the rules and guidelines written in the Code.</p> <p><b>NEW EMPLOYEES ORIENTATION PROGRAM (NEOP)</b>  Company policy mandates for all new joiners to complete the New Hires Mandatory Course where the Code of Conduct and all other relevant company policies are discussed. This program is offered through an online learning platform and must be completed within 90 days from joining date.  <a href="#">See Annual Report, pages 55-56, AIA Code of Conduct</a></p>	<p>Not applicable</p>



<p><b>Recommendation 7.2</b>The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies</p>	COMPLIANT	<p>The company annually conducts Code of Conduct certification exercise applicable to the Board, employees and even vendors or service providers. The company also maintain an Ethics Hotline where its stakeholders may anonymously raise their concerns and appropriate investigation procedure are in place to ensure that ethical concerns and/or violations of legal, regulatory and internal policies or guidelines are properly dealt with. Any major issues or findings are part of the quarterly Compliance Report, Audit Report, Major Litigation Update, etc., to the Board as endorsed by the Audit and RPT Committee. <a href="#">See website, AIA Ethics and Compliance Hotline</a> <a href="#">See Code of Conduct</a> <a href="#">See Audit and RPT Committee Charter, page 6, Conduct of Meetings (par. 12)</a> <a href="#">See Annual Report, page 55, Code of Conduct Annual Certification</a></p>	Not applicable
<b>B. DISCLOSURE AND TRANSPARENCY</b>			
<p><b>Principle 8. Enhancing Company Disclosure Policies And Procedures</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p><b>Recommendation 8.1</b> The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	COMPLIANT	<p>The Board approved the company's Financial Disclosure Policy last 16 December 2020. The Policy sets out the company's approach to disclosure of financial information in order to give a complete picture of the company's financial standing and results of business operations to stakeholders. It states that the company shall fully abide by legal and regulatory mandates on financial reporting standards and disclosures of financial information. <a href="#">See Annual Report, page 48, Financial Disclosure Policy</a></p>	Not applicable
<p><b>Recommendation 8.3</b> The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	COMPLIANT	<p>Information about individual directors and senior management are publicly available through the company's website or the annual report. Share ownership of directors in the Company may be found in the Annual Report. They are also required to undergo annual Code of Conduct and Related Party Transaction (RPT) certifications. All directors and key officers (Vice President level and up) submit to the Insurance Commission (IC) their individual biographical data which provide complete information about their own or immediate family's affiliations that enable regulator to assess any potential conflict of interests.</p> <p><a href="#">See Annual Report, pages 31-38, Board of Directors' Profile, Board Support</a> <a href="https://www.bpi-aia.com.ph/en/about-us/our-people.html">https://www.bpi-aia.com.ph/en/about-us/our-people.html</a> <a href="#">See Annual Report, page 55; 57, Code of Conduct Annual Certification; Conflict of Interest</a></p>	Not applicable

<p><b>Recommendation 8.4</b></p> <p>The company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code. Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>PARTIALLY COMPLIANT</p>	<p>The Board approved last 21 October 2020 the Remuneration Policy which provides that Board remuneration should be designed to be market competitive and their allowances aligned with market practices and fully compliant with regulations. Components of executive remuneration consisting of guaranteed and variable components that reward performance and value creation are likewise detailed in the Policy. Details of individual directors' remuneration and key officer (CEO) are provided in the Annual Report. <a href="#">See Annual Report, page 42, Remuneration Policy</a></p> <p>As reviewed and approved by the shareholders of the Company on an annual basis, the Independent Directors receive fixed fees per board and committee meeting actually attended by them and an annual fee. For 2022, the total gross directors fees of Mr. Jesse Ang and Ms. Stephanie Sy amounted to P2,7464,300. <a href="#">See Annual Report, page 41, Fee Structure and Remuneration of Directors</a></p> <p>BPI AIA provides a total rewards package to the Executive Director and Chief Executive Officer that consists of guaranteed and variable components that reward performance and value created for the Company. Our CEO's reward components support our rewards framework: a) Guaranteed compensation which includes base salary, allowances and contractual bonus that is reviewed annually to reflect market, individual performance and value created for the company; b) Short Term Incentive to reward achievement of business and individual performance metrics enabling the individual to share in the immediate success of the company; c) Discretionary Long-Term Incentive to motivate and reward the individual for individual who have contributed significantly to AIA's success and is likely to continue to do so; and d) Benefits that are carefully structured supplementing our cash compensation. <a href="#">See Annual Report, page 42, Remuneration Policy for Executive Director and CEO</a></p>	<p>The annual report discloses the allowances/per diem received by independent directors while non-executive directors and the sole executive director do not receive any remuneration or allowance for their directorship. Total employees compensation and benefits are disclosed in the Audited Financial Statement.</p>
<p><b>Recommendation 8.5</b></p> <p>The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant RPTs should be reviewed and approved by the Board and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting. All material or significant RPTs for the year should be disclosed in its Annual Company Report or Annual Corporate Governance Report.</p>	<p>COMPLIANT</p>	<p>A summary of the Related Party Transactions (RPT) Policy is disclosed in the Annual Report. Actual RPTs including significant or material RPTs (if any) are disclosed through the company's Audited Financial Statements as provided in the Annual Report after the same has been approved by the Board and confirmed by majority stockholders during the annual meeting.</p> <p><a href="#">See Annual Report, pages 59-60, Related Party Transaction Policy.</a>  <a href="#">See also Annual Report, pages 81-88, Audited Financial Statements, Related Party Transactions</a></p>	<p>Not applicable</p>

<p><b>Recommendation 8.6</b> The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website.</p>	COMPLIANT	<p>Pursuant to IC CL 2020-71, the Board revised and approved last 21 October 2020 its Corporate Governance Policy and Procedure Manual (RCGM) which articulates the company's corporate governance policy, framework, programs and procedures. The RCGM is also posted on company's website. <a href="#">See Corporate Governance and Procedure Manual</a></p>	Not applicable
<p><b>Principle 9. Strengthening The External Auditor's Independence And Improving Audit Quality.</b> <b>The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality</b></p>			
<p><b>Recommendation 9.1</b> The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.</p>	COMPLIANT	<p>The Revised Manual of Corporate Governance (RCGM) provides that in order to maintain the external auditor's independence and audit quality, the Audit and RPT Committee maintains oversight of the same. <a href="#">See Corporate Governance Manual, pages 23-24 and page 31, External Auditor's Independence and Audit Quality</a></p> <p>Appointment, removal, and fees of external auditors shall pass through the Audit and RPT Committee for approval and endorsement to the Board. In case of removal, such fact and the reason thereof is to be reported to the IC and disclosed publicly. <a href="#">See Audit and RPT Committee Charter, page 8, Relationship with External Auditor</a></p> <p>For 2022, the external auditor appointed was not removed. Shareholders ratification of the appointment and the number of votes are disclosed in the Minutes to the Annual Stockholders Meeting as posted on Company website. <a href="#">See Minutes of Annual Stockholders Meeting</a></p>	Not applicable
<p><b>Recommendation 9.2</b> The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	COMPLIANT	<p>The Audit and RPT Committee Charter defines the Committee's relationship with the external auditor. The charter provides that the Committee in performing oversight functions over the external auditor shall annually review and monitor the external auditor's technical competence, independence and effectiveness in accordance with rules and regulations, evaluate non-audit work and fees disallowing non-audit work that will conflict with their independence and disclosing non-audit work publicly. The Committee shall also discuss with the external auditor before commencement of audit, the nature and scope of audit, etc., including the problems and reservations arising from the interim and final audits and any other matters which the external auditor may wish to discuss. <a href="#">See Audit and RPT Committee Charter</a></p>	Not applicable



<p><b>Recommendation 9.3</b> The company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	COMPLIANT	<p>Audit and non-audit work (if any) performed by the external auditor are presented to the Audit and RPT Committee. If there are any non-audit work, the Committee shall evaluate and disallow non-audit work that will conflict with their independence. These non-audit work, if allowed, are likewise required to be disclosed in the Annual Report of the company. There were no non-audit services rendered by the external auditor, Isla Lipana &amp; Co./PwC Philippines, last year 2022.</p> <p><a href="#">See Audit and RPT Committee Charter</a> <a href="#">See also Annual Report, page 74, Engagement of External Auditor</a></p>	Not applicable
<p><b>Principle 10. Increasing Focus On Non-Financial And Sustainability Reporting. The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b></p>			
<p><b>Recommendation 10.1</b> The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. Companies should adopt a globally recognized standard/framework in reporting sustainability and nonfinancial issues.</p>	COMPLIANT	<p>The Board approved the Company's ESG Disclosure Policy which provides that the company shall aligned its ESG effort with that of its parent company, AIA Group Limited, and relevant local laws and regulations. Full report on the company's ESG effort is disclosed in the 2022 ESG Report.</p> <p><a href="#">See Annual Report, page 48, Environment, Social and Governance (ESG) Disclosure Policy</a> <a href="#">See ESG Report 2022</a></p>	Not applicable
<p><b>Principle 11. Promoting a comprehensive and cost-efficient access to relevant information. The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</b></p>			
<p><b>Recommendation 11.1</b> The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.</p>	COMPLIANT	<p><a href="http://www.bpi-aia.com.ph">www.bpi-aia.com.ph</a></p>	Not applicable

C. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK			
<b>Principle 12. Strengthening The Internal Control System And Enterprise Risk Management Framework to ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.</b>			
<b>Recommendation 12.1</b> The Company should have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.	COMPLIANT	<p>The Company's Internal Audit function is in-house (not outsourced) handled by Group Internal Audit (GIA) of AIA Group Limited (parent company of AIA Philippines). GIA has established a Quality Assurance and Improvement Programme to ensure that quality is built into the way internal audit activity is conducted. GIA also performs an annual self-assessment against the standards issued by the Institute of Internal Auditors (IIA). In addition, an assessment is performed by an independent external reviewer every 5 years, as required by the IIA standards. The Quality Assurance and Improvement Programme and the results of the assessments are presented annually to the Audit Committee as part of the Annual Review of Internal Audit Resources and Effectiveness.</p> <p>The effectiveness of internal controls is reviewed and assessed by management (first line) every quarter and challenged by the Risk team (second line). GIA, as the third line, conducts reviews of the effectiveness of internal control based on the annual risk based audit plan.</p> <p>See:  <a href="#">1. Annual Report, page 73-74, Group Internal Audit</a>  <a href="#">2. Annual Report, page 69-72, Enterprise Risk Management</a></p>	Not applicable
<b>Recommendation 12.2</b> The Company should have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	<p>The Company's Internal Audit function is in-house, handled by Group Internal Audit (GIA) of AIA Group Limited (parent company of AIA Philippines). Per the GIA Charter, GIA's mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls and governance processes.</p> <p>See <a href="#">Annual Report, pages 73-74, Group Internal Audit</a></p>	Not applicable

<p><b>Recommendation 12.3</b> Subject to a company's size, risk profile and complexity of operations, it should have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.</p>	COMPLIANT	<p>Rikka C. Peralta, the head of the internal audit function, is effectively the Chief Audit Executive.</p> <p>The Company shall have a Head of Internal Audit, appointed by the Board, who shall oversee and be responsible for the internal audit activity of the Company, and directly report functionally to the Audit Committee and administratively to the CEO. Her responsibilities are outlined in the Revised Corporate Governance Policy and Procedure Manual.</p> <p>See:  <a href="#">1. Revised Corporate Governance Policy and Procedure Manual</a>  <a href="#">2. Annual Report, page 38, Board Support, Rikka Peralta</a>  <a href="#">3. Annual Report, page 61, Group Internal Audit</a></p>	Not applicable
<p><b>Recommendation 12.4</b> Subject to its size, risk profile and complexity of operations, the company should have a separate risk management function to identify, assess and monitor key risk exposures.</p>	COMPLIANT	<p>The company has a dedicated Risk function which administers its Risk Management Framework (RMF) on a day-to-day basis and manages all risk exposures including financial, insurance and operational risks. RMF identifies, quantifies, and mitigates risks within the company and is governed by the Group Risk Management Committee (GRMC) and Risk Management Committee (RMC) which oversees and reviews both key financial and operational risks. At grassroot level, a sub-meeting called the Functional Unit Risk Management Meeting is held by different functional units to ensure that risk and compliance matters are regularly identified, assesses and mitigated. <a href="#">See Annual Report, page 69-70, Enterprise Risk Management.</a></p>	Not applicable
<p><b>Recommendation 12.5</b> In managing the company's Risk Management System, the company should have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations.</p>	COMPLIANT	<p>The company's Risk &amp; Compliance function is headed by Ms. Maria Cristina Helena G. Samaniego, Chief Risk Officer (CRO) who is a senior ranking officer with a rank equivalent to Senior Vice President and is part of the company's Executive Committee. <a href="#">See Annual Report, page 38, Board Support</a></p> <p>Her qualifications are disclosed through the Company website, our management team. <a href="https://www.bpi-aia.com.ph/en/about-us/our-people.html">https://www.bpi-aia.com.ph/en/about-us/our-people.html</a></p> <p>The CRO's responsibilities are outlined in the Revised Corporate Governance Policy and Procedure Manual. <a href="#">See Corporate Governance Policy and Procedure Manual, page 29-30</a></p>	Not applicable

D. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS			
Principle 13. Promoting Shareholder Rights. The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights			
<p><b>Recommendation 13.1</b> The Board should ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the company's website'</p>	COMPLIANT	<p>The company's Revised Code of Corporate Governance Policy and Procedure Manual (RCGM) provides that it shall ensure that shareholders are aware and shall allow shareholders to reasonably exercise their basic rights which include: the right to receive dividends in an equitable and timely manner; pre-emptive rights; right to inspect corporate books; right to financial statements; right to participate in decisions concerning fundamental corporate changes; right to propose the holding of meetings and to include agenda items ahead of the scheduled annual and special shareholders' meetings; right to nominate candidates to the Board; and right to notice and to participate effectively in and vote in shareholder's meetings.</p> <p><a href="#">See Corporate Governance Policy and Procedure Manual, page 31, Promoting Shareholder Rights</a></p>	Not applicable
<p><b>Recommendation 13.2</b> The Board should encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.</p>	COMPLIANT	<p>As provided in the RCGM, the annual shareholders meeting of the Company shall be held annually on the date fixed in the Company's By-Laws. Notice of the annual meeting shall be sent to shareholders at least 21 days prior to the meeting. The notice may be sent to through electronic mail or such other manner as the SEC shall allow under its guidelines. <a href="#">See website, Revised Corporate Governance Policy and Procedure Manual, page 31, Promoting Shareholder Right</a></p> <p>Further the Notice of Annual Stockholders Meeting was posted on the Company website at least 21 days prior to the meeting together with the proxy document. <a href="#">See Notice of Agenda - Annual Stockholders Meeting with Proxy Letter</a></p>	Not applicable

<p><b>Recommendation 13.3</b> The Board should encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting may be available on the company website within Five (5) business days from the end of the meeting.</p>	COMPLIANT	<p>As provided in the RCGM, to further encourage shareholder participation, the Company shall make the result of the votes taken during the most recent Annual or Special Shareholders' Meeting available to the shareholders the next working day after the conduct of such meeting, by emailing to them a copy of the minutes of the meeting. In addition, the results of the votes and the minutes of meeting was posted on the website within one and five (5) business days from the conduct of the meeting, respectively. <a href="#">See Corporate Governance Policy and Procedure Manual, page 31, Promoting Shareholder Rights</a></p>	Not applicable
<p><b>Recommendation 13.4</b> The Board should have an alternative dispute mechanism to resolve intracorporate disputes in an amicable and effective manner. This should be included in the company's Manual on Corporate Governance.</p>	COMPLIANT	<p>As provided in the RCGM, the Board should also make available, at the option of the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. Thus, through the Corporate Secretary, shareholders shall be properly informed of the Company's processes, procedures and remedies to address any infringement or violation of their rights.</p> <p><a href="#">See Corporate Governance Policy and Procedure Manual, page 31, Promoting Shareholder Rights</a></p>	Not applicable
<b>E. DUTIES TO STAKEHOLDERS</b>			
<p><b>Principle 14. Respecting Rights Of Stakeholders And Effective Redress For Violation Of Stakeholder's Rights</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' right and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p>			
<p><b>Recommendation 14.1</b> The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p>	COMPLIANT	<p>The Board has approved the Stakeholder Engagement Policy which identifies the various stakeholders of the company and defines the Stakeholders Engagement Framework. The Framework identifies and publicly disclosed through the Annual Report the various touchpoints by which the different stakeholders may use to communicate to the Company.</p> <p><a href="#">See Annual Report, page 48, Stakeholder Engagement Policy</a></p>	Not applicable



<p><b>Recommendation 14.2</b> The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	COMPLIANT	<p>The Board has approved various policies and programs for the protection and fair treatment of all stakeholders. These include, the AIA Code of Conduct, Data Privacy Policy and programs, Anti-Money Laundering and Counter-Terrorist Financing policies and programs, Customer Commitment Standards, supplier manual for vendors, the Vitality program, Insider Trading and Market Conduct Policy, various Environment Social and Governance policy and initiatives, establishment of Ethics Hotline, to name a few.</p> <p><a href="#">See Annual Report, pages 54-60, Operating Philosophy</a>  <a href="#">See Annual Report, page 48, Stakeholder Engagement Policy</a>  <a href="#">See 2022 ESG Report</a></p>	Not applicable
<p><b>Recommendation 14.3</b> The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	COMPLIANT	<p>The Board has approved the Stakeholder Engagement Policy which defines the Stakeholders Engagement Framework where the companies various stakeholders were identified and the various touchpoints by which they can communicate with the company. See also our answer to R15.3 for the whistleblowing policy, practices and procedures for stakeholders. Note also our Ethics Hotline contact details in our website.</p> <p><a href="#">See Annual Report, pages 49-51, Stakeholder Engagement Framework</a>  <a href="#">See Annual Report, page 60, Whistleblower Protection Program</a>  <a href="#">See website, Ethics Hotline</a></p>	Not applicable
<p><b>Principle 15. Encouraging Employees' Participation - A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</b></p>			
<p><b>Recommendation 15.1</b> The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	COMPLIANT	<p>“Empowering our people to succeed through fostering a learning environment in a diverse, inclusive and supportive culture.</p> <p>This is the thrust of the People and Culture pillar of our Environment Social Governance (ESG) Strategy. AIA Philippines’ culture is shaped by leaders who embrace the three Leadership Essentials – Clarity, Courage, and Humanity. Leaders should (a) live our purpose and operating philosophy with a clear direction (b) deliver the best solutions together and to ensure that ideas are turned into action and (c) create a culture that we can thrive in as we develop and shape our future together. The Leadership Essentials set out the desired behaviors for all our people, not just for our leaders but at every level of the organization. When these behaviors are brought to life every day, AIA Philippines employees do the RIGHT THING in the RIGHT WAY, with the RIGHT PEOPLE and thus creating long-term value for all our stakeholders and delivering on our Purpose of living Healthier, Longer, Better Lives.</p> <p>xxx AIA Philippines has an array of Core Programs that are targeted for Individual Contributors, People Managers, and Senior Leaders in the Company. As we invest in developing our people, our Catalyst for Growth Capability-Building Framework has four focus areas which directly align with our strategic priorities. xxx</p> <p><a href="#">See Annual Report, pages 20-24, Our People</a></p>	Not applicable

<p><b>Recommendation 15.2</b> The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	COMPLIANT	<p>In addition to the Code of Conduct - which mandates observance of appropriate conduct in dealing with conflict of interest and gifts and entertainment to public officers, vendors, etc., - the Company also adopted an Anti-Corruption and Bribery Policy. The AIA Group Anti-Corruption Policy ("the Policy") sets out the organizational approach, roles and responsibilities and minimum standards to ensure AIA businesses implement a robust Anti-Corruption Programme. The Policy sets the guidelines on various scenarios when dealing with current and former government officials and in onboarding third-party vendors.</p> <p>Anti-Bribery and Corruption is a mandatory training for all new employees while annual mandatory refresher training and certification of compliance is performed for all employees.</p> <p><a href="#">See Annual Report, page 57, Anti-Corruption and Bribery Policy</a> <a href="#">See also Code of Conduct</a></p>	Not applicable
<p><b>Recommendation 15.3</b> The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.</p>	COMPLIANT	<p>The Company has long established a Whistleblower Protection Programme. In 2020, the updated Whistleblower Protection Policy (WBPP) was adopted. The WBPP has the following key requirements:</p> <ol style="list-style-type: none"> <li>1. Induction and periodic refresher training or communication re: the WBPP;</li> <li>2. Definition of reportable conducts that are within the scope of the WBPP;</li> <li>3. All employees, officers, tied intermediaries, business partners, customers, etc., are provided with access to internal and external reporting channels (Speak Up channel);</li> <li>4. Protection against retaliation are accorded to the WB; and</li> <li>5. Investigation in accordance with the AIA investigation standard and WB SOP.</li> </ol> <p><a href="#">See Annual Report, page 60, Whistleblower Protection Program</a></p>	Not applicable
<p><b>Principle 16. Encouraging Sustainability And Social Responsibility</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p><b>Recommendation 16.1</b> The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	COMPLIANT	<p>The Company's Environment Social and Governance (ESG) extensive and serious effort are disclosed in detail in its 2022 ESG Report as posted on the website. <a href="#">See 2022 ESG Report</a></p>	Not applicable



RECOMMENDED CORPORATE GOVERNANCE PRACTICE/POLICY

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records

Signed in the City of MAKATI CITY on the MAY 12 2023 of \_\_\_\_\_ 2023.

CARLA J. DOMINGO  
Corporate Secretary

MARIA CRISTINA HELENA SAMANIEGO  
Chief Compliance Officer

JESSE B. ANG  
Independent Director

STEPHANIE SY  
Independent Director

KATHERINE P. CUSTODIA  
Chief Executive Officer

JOSE TEODORO LIMCAOCO  
Chairman of the Board

MAY 12 2023

SUBSCRIBED AND SWORN TO, before me, this \_\_\_\_ of \_\_\_\_\_ 2023 in Makati City, Philippines, affiants exhibiting to me their government issued identification cards as follows:

- CARLA DOMINGO -
- MARIA CRISTINA HELENA SAMANIEGO
- JESSE ANG
- STEPHANIE SY
- KATHERINE P. CUSTODIA
- JOSE TEODORO LIMCAOCO

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Series of 2023

**ATTY. GEORGE DAVID D. SITON**  
NOTARY PUBLIC FOR MAKATI CITY  
APPT. NO. 11-61 - UNTIL DEC. 31, 2023  
ROLL NO. 68402 / MCLY COMPLIANCE RD. VII-0810135/2-15-2022  
IBP O.R. No. 607152-17211155 EXPIRES MAY 5, 2017  
PTR No. MCLY 2022479-147493, 2023-MAKATI CITY  
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY