

E. Responsibilities of the Board			
E.1	Board Duties and Responsibilities	Y/ N	Reference/ Source document
<i>Clearly defined board responsibilities and corporate governance policy</i>			
E.1.1	Does the company disclose its corporate governance policy / board charter?	Y	2015 Manual of Corporate Governance (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf).
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	Y	2015 Manual of Corporate Governance, Pages 4-5 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf) Powers of the Board <i>The Board of Trustees shall have management and control over the affairs and properties of AFPMBAI. In addition to the above general powers, the Board of Trustee shall have the following specific powers:</i> 1. To determine the AFPMBAI's corporate purpose, its vision and mission and strategies to carry out its objectives; 2. To formulate and define the policies, guidelines and controls necessary to carry out its corporate purposes in accordance with existing laws, rules and regulations, its Articles of Incorporation and By-Laws, and best business practices; 3. To have overall supervision and control, including the power to hire and fire, promote and discipline, and fix the remunerations and terms of employment, of the officers and personnel of the AFPMBAI, and to delegate such powers to the management of AFPMBAI as may be proper or necessary; 4. To authorize the investment of funds in securities, properties and businesses in accordance with law; 5. To determine the organization of, and establish the governing rules and regulations for the AFPMBAI; 6. To perform such acts and exercise such powers necessary to accomplish its corporate purposes; 7. To adopt a system of internal checks and balances and to ensure that its actions comply with all laws, rules and regulations, its Articles of Incorporation and By-Laws, and the business practices; 8. To adopt an annual budget of expenditures for the operation of the Association and appropriate funds therefore; 9. To prescribe the amount and mode of distribution of surplus. 10. To meet regularly to discharge the functions of the Board; 11. To suspend business operations in time of war and/or major catastrophe; and 12. To delegate any of its powers in accordance with law.
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	Y	2015 Manual of Corporate Governance, Pages 4-5 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf) Powers of the Board <i>The Board of Trustees shall have management and control over the affairs and properties of AFPMBAI. In addition to the above general powers, the Board of Trustee shall have the following specific powers:</i> 1. To determine the AFPMBAI's corporate purpose, its vision and mission and strategies to carry out its objectives; 2. To formulate and define the policies, guidelines and controls necessary to carry out its corporate purposes in accordance with existing laws, rules and regulations, its Articles of Incorporation and By-Laws, and best business practices; 3. To have overall supervision and control, including the power to hire and fire, promote and discipline, and fix the remunerations and terms of employment, of the officers and personnel of the AFPMBAI, and to delegate such powers to the management of AFPMBAI as may be proper or necessary; 4. To authorize the investment of funds in securities, properties and businesses in accordance with law; 5. To determine the organization of, and establish the governing rules and regulations for the AFPMBAI; 6. To perform such acts and exercise such powers necessary to accomplish its corporate purposes; 7. To adopt a system of internal checks and balances and to ensure that its actions comply with all laws, rules and regulations, its Articles of Incorporation and By-Laws, and the business practices; 8. To adopt an annual budget of expenditures for the operation of the Association and appropriate funds therefore; 9. To prescribe the amount and mode of distribution of surplus. 10. To meet regularly to discharge the functions of the Board; 11. To suspend business operations in time of war and/or major catastrophe; and 12. To delegate any of its powers in accordance with law.
Corporate Vision/Mission			
E.1.4	Does the company have a vision and mission statement?	Y	2017 Annual Report, Page 2 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf). Excerpt from the 2017 Annual Report VISION STATEMENT <i>By 2025, a customer-centered organization operating in accordance with global standards, preferred and trusted by its members in providing full financial security and protection</i> MISSION STATEMENT <i>To provide our Members the most responsive insurance protection and investments, affordable housing, financial products and meaningful social services</i>
E.1.5	Has the board review the vision and mission/strategy in the last financial year?	Y	Governance Report of the 2017 Annual Report, page 22 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf). Excerpt from the Governance Report of the 2017 Annual Report: <i>"On 12 September 2018, the Board of Trustees had their annual Board Retreat to review the Association's Mission, Vision, and Strategic Objectives. The strategic issues confronting AFPMBAI were also discussed and deliberated on, with proposed resolutions to be carried out by the Board, its Committees, and Management. The implementation of corporate strategies and major action plans was placed under the oversight of specific Board Committees, in order to ensure the accomplishment of corporate goals."</i>

E.1.6	Does the board of directors monitor/oversee the implementation of the corporate strategy?		Y	Governance Report of the 2017 Annual Report, page 22 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf). Excerpt from the Governance Report of the 2017 Annual Report: "On 12 September 2018, the Board of Trustees had their annual Board Retreat to review the Association's Mission, Vision, and Strategic Objectives. The strategic issues confronting AFPMBAI were also discussed and deliberated on, with proposed resolutions to be carried out by the Board, its Committees, and Management. The implementation of corporate strategies and major action plans was placed under the oversight of specific Board Committees, in order to ensure the accomplishment of corporate goals."
E.2	Board structure			
Code of Ethics or Conduct				
E.2.1	Are the details of the code of ethics or conduct disclosed?	OECD PRINCIPLE VI (C) The board should apply high ethical standards. It should take into account the interests of stakeholders.	Y	Code of Ethics (http://www.afpmbai.com.ph/acgs/2018/ref/AFPMBAI_CODE_OF_ETHICS_FULL.pdf)
E.2.2	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	The board has a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of conduct based on, inter alia, professional standards and sometimes broader codes of behaviour. The latter might include a voluntary commitment by the company (including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights. Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement.	Y	Code of Ethics "Cornerstone" (http://www.afpmbai.com.ph/acgs/2018/ref/AFPMBAI_CODE_OF_ETHICS_FULL.pdf)
E.2.3	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?	(including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights. Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement.	Y	Code of Ethics page 3 (http://www.afpmbai.com.ph/acgs/2018/ref/AFPMBAI_CODE_OF_ETHICS_FULL.pdf) Code of Conduct pages 22-27 (http://www.afpmbai.com.ph/acgs/2018/ref/CODE_OF_CONDUCT_Pages%2022_27.pdf)
Board Structure & Composition				
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	OECD PRINCIPLE VI (E) In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management. The ASX Code recommends at least a majority of independent directors, while the UK Code recommends at least half of the board, excluding the Chairman, be independent directors. The minimum of three independent directors is to ensure that companies with small boards have enough independent directors (note that stock exchange rules often require at least two independent directors).	N	By-Laws, Article IX (Board of Trustees) Section 2 which states: "Section 2. The Board of Trustees shall consist of a maximum of fifteen (15) members to be appointed by the Chairman of the Board or elected during the General Membership Meeting. Three (3) of the members shall come from and represent the Major Service Commands, one (1) from the Joint Staff, GHQ, AFP; the AFP Sergeant Major; two (2) from the PNP; one (1) each from the BFP, BJMP, and PCG; the AFPMBAI President, and three (3) independent trustees, one (1) of whom shall be a retired member of the AFP. All members must possess the necessary academic education and experience in business and insurance administration or activities related to the business operations of the Association to qualify as members of the Board."
E.2.5	Are the independent directors/commissioners independent of management and major/substantial shareholders?	OECD PRINCIPLE VI (E) In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management. The variety of board structures, ownership patterns and practices in different countries will thus require different approaches to the issue of board objectivity. In many instances objectivity requires that a sufficient number of board members not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties. This does not prevent shareholders from being board members. In others, independence from controlling shareholders or another controlling body will need to be emphasised, in particular if the ex ante rights of minority shareholders are weak and opportunities to obtain redress are limited. This has led to both codes, and the law in some jurisdictions, to call for some board members to be independent of dominant shareholders, independence extending to not being their representative or having close business ties with them.	Y	Manual of Corporate Governance, Page 6 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf). "Independent Trustees are appointed/elected to provide the Board an objective "compass" to determine the best interests of AFPMBAI and all its stakeholders. "These Trustees should not be related to any group or Management. Furthermore, they can/should not be instruments of one group for the purpose of pushing their own sectoral agenda. Their independence must be perceived as such by stakeholders, the beneficiaries and the general public."
E.2.6	Does the company have a term limit of nine years or less for its independent directors/commissioners?	This has led to both codes, and the law in some jurisdictions, to call for some board members to be independent of dominant shareholders, independence extending to not being their representative or having close business ties with them.	Y	By-Laws, Article IX (Board of Trustees) Section 4c which states: "In the case of Independent Trustees, their term of office shall be renewable every year, unless sooner terminated by the Chairman of the Board. No Independent Trustee shall serve for more than three (3) consecutive years."
E.2.7	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	UK CODE (JUNE 2010): Non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board and to succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.	Y	2015 Manual of Corporate Governance, Page 8 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf) "Any of the following shall be a ground for the temporary disqualification of a trustee... "Holding of the position of trustee, director or officer in more than four (4) other corporations and/or in any corporation having the same business interests as AFPMBAI..."
E.2.8	Does the company have any independent directors/commissioners who serve on a total of more than five boards of publicly-listed companies?	OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. Service on too many boards can interfere with the performance of board members. Companies may wish to consider whether multiple board memberships by the same person are compatible with effective board performance and disclose the information to shareholders.	N	
E.2.9	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?		N	
Nominating Committee				

E.2.10	Does the company have a Nominating Committee (NC)?	<p>OECD PRINCIPLE II (C) (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.</p> <p>With respect to nomination of candidates, boards in many companies have established Nominating Committees to ensure proper compliance with established nomination procedures and to facilitate and coordinate the search for a balanced and qualified board. It is increasingly regarded as good practice in many countries for independent board members to have a key role on this committee. To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p> <p>OECD PRINCIPLE VI (E) (1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.</p>	Y	<p>2015 Manual of Corporate Governance, Page 13 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf); Governance Report of the 2017 Annual Report, Page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf)</p> <p>2015 Manual of Corporate Governance The Nomination and Remuneration Committee is tasked with the ff: <ul style="list-style-type: none"> • Evaluates nominees for Trustees and Committee members based on guidelines set by the Governance Committee, • Endorses nominees for election to the BOT and its committees, • Monitors the participation and performance of Trustees, and • Oversees the development of policy and implementation of Board per diems and allowances and Senior Management remuneration and rewards. </p>
E.2.11	Does the Nominating Committee comprise of a majority of independent directors/commissioners?		N	Governance Report of the 2017 Annual Report, page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.12	Is the chairman of the Nominating Committee an independent director/commissioner?	This item is in most codes of corporate governance.	N	Governance Report of the 2017 Annual Report, page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.13	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	<p>OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions</p>	Y	Nomination and Remuneration Committee Charter (http://afpmbai.com.ph/acgs/2018/Revised_NRC_Charter.pdf)
E.2.14	Did the Nominating Committee meet at least twice during the year?		Y	Governance Report of the 2017 Annual Report, page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.15	Is the attendance of members at Nominating Committee meetings disclosed?	<p>Given the responsibilities of the NC spelled out in codes of corporate governance, the NC is unlikely to be fulfilling these responsibilities effectively if it is only meeting once a year. Globally, the NC of large companies would meet several times a year.</p>	Y	Governance Report of the 2017 Annual Report, page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
Remuneration Committee/ Compensation Committee				
E.2.16	Does the company have a Remuneration Committee?	<p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>It is considered good practice in an increasing number of countries that remuneration policy and employment contracts for board members and key executives be handled by a special committee of the board comprising either wholly or a majority of independent directors. There are also calls for a Remuneration Committee that excludes executives that serve on each others' Remuneration Committees, which could lead to conflicts of interest.</p>	Y	<p>2015 Manual of Corporate Governance, Page 13 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf); Governance Report of the 2017 Annual Report, Page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf)</p> <p>2015 Manual of Corporate Governance The Nomination and Remuneration Committee is tasked with the ff: <ul style="list-style-type: none"> • Evaluates nominees for Trustees and Committee members based on guidelines set by the Governance Committee, • Endorses nominees for election to the BOT and its committees, • Monitors the participation and performance of Trustees, and • Oversees the development of policy and implementation of Board per diems and allowances and Senior Management remuneration and rewards. </p>
E.2.17	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?		N	Governance Report of the 2017 Annual Report, Page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf)
E.2.18	Is the chairman of the Remuneration Committee an independent director/commissioner?		N	Governance Report of the 2017 Annual Report, Page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf)
E.2.19	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	<p>OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions</p>	Y	Nomination and Remuneration Committee Charter (http://afpmbai.com.ph/acgs/2018/Revised_NRC_Charter.pdf)
E.2.20	Did the Remuneration Committee meet at least twice during the year?		Y	Governance Report of the 2017 Annual Report, page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.21	Is the attendance of members at Remuneration Committee meetings disclosed?	<p>Given the responsibilities of the Remuneration Committee (RC) which are spelled out in codes of corporate governance, the RC is unlikely to be fulfilling these responsibilities effectively if it only meets once a year. Globally, the RC of large companies would meet several times a year.</p>	Y	Governance Report of the 2017 Annual Report, page 21 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
Audit Committee				

E.2.22	Does the company have an Audit Committee?	OECD PRINCIPLE VI (E) (1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.	Y	2015 Manual of Corporate Governance, Page 12 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf); Governance Report of the 2017 Annual Report, Page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf) 2015 Manual of Corporate Governance <i>The Audit and Enterprise Risk Management Committee assists the Board in fulfilling its oversight responsibilities through review of:</i> • financial reporting process and system of internal control • audit process • process of monitoring compliance with existing laws and regulations and its own code of business conduct <i>It ensures that a risk management system is established to minimize and control the probability/impact of unfortunate events, or maximize the realization of opportunities.</i>
E.2.23	Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board. While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions.	N	Governance Report of the 2017 Annual Report, page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.24	Is the chairman of the Audit Committee an independent director/commissioner?		Y	Governance Report of the 2017 Annual Report, page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.25	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?		Y	Audit Committee Charter (http://afpmbai.com.ph/acgs/2018/Revised_Audit_Committee_Charter.pdf)
E.2.26	Does the Annual Report disclose the profile or qualifications of the Audit Committee members?	Most codes specify the need for accounting/finance expertise or experience.	Y	Governance Report of the 2017 Annual Report, page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.27	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	UK CODE (JUNE 2010) C.3.1. The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience. As many of the key responsibilities of the Audit Committee are accounting-related, such as oversight of financial reporting and audits, it is important to have someone specifically with accounting expertise, not just general financial expertise.	Y	Governance Report of the 2017 Annual Report, page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.28	Did the Audit Committee meet at least four times during the year?		Y	Governance Report of the 2017 Annual Report, page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.29	Is the attendance of members at Audit Committee meetings disclosed?		Y	Governance Report of the 2017 Annual Report, page 19 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.2.30	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	UK CODE (JUNE 2010) C.3.6 The Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. If the board does not accept the Audit Committee's recommendation, it should include in the Annual Report, and in any papers recommending appointment or re-appointment, a statement from the Audit Committee explaining the recommendation and should set out reasons why the board has taken a different position.	Y	Audit Committee Charter (http://afpmbai.com.ph/acgs/2018/Revised_Audit_Committee_Charter.pdf)
E.3 Board Processes				
Board meetings and attendance				
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	Scheduling board meetings before or at the beginning of the year would allow directors to plan ahead to attend such meetings, thereby helping to maximise participation, especially as non-executive directors often have other commitments. Additional ad hoc meetings can always be scheduled if and when necessary. It is common practice for boards in developed markets to schedule meetings in this way.	Y	Governance Report of the 2017 Annual Report, page 17 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf). Excerpt from the Governance Report of the 2017 Annual Report: <i>"It has become the practice of the Association to set all the meetings of the Board and Board Committees for the succeeding year by the 4th quarter of the previous year. Thus the meetings for CY2017 were set in December 2016; likewise, for the meetings in CY2018 were set in November 2017."</i>
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	WORLD BANK PRINCIPLE 6 (VI.I.24) Does the board meet at least six times per year? INDO SCORECARD E.10. How many meetings were held in the past year? If the board met more than six times, the firm earns a 'Y' score. If four to six meetings, the firm was scored as 'fair', while less than four times was scored as 'N'	Y	Governance Report of the 2017 Annual Report, page 17 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. Achieving legitimacy would also be facilitated by the publication of attendance records for individual board members (e.g. whether they have missed a significant number of meetings) and any other work undertaken on behalf of the board and the associated remuneration.	N	Governance Report of the 2017 Annual Report, page 17 (http://afpmbai.com.ph/acgs/2018/AFPMBAL_Annual_Report_2017.pdf).
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	WORLD BANK PRINCIPLE 6 (VI.I.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid?	N	Protocol for Board Meetings, Page 1 (http://afpmbai.com.ph/acgs/2018/ref/board_protocol.pdf) Quorum and Attendance <i>"A majority of the Trustees shall constitute a quorum for the transaction of business, and every decision of the majority of a quorum duly assembled as a Board shall be valid as a corporate act."</i>

E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	<p>WORLD BANK PRINCIPLE 6 (VI.E.1.6) Does the corporate governance framework requires or encourages boards to conduct executive sessions?</p>	Y	<p>Governance Report of the 2017 Annual Report, page 22 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report: "In December 2017, the Association's non-executive directors also held a meeting without executives present in order to discuss matters in an executive session."</p>
Access to information				
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	<p>OECD PRINCIPLE VI (F) In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.</p> <p>Board members require relevant information on a timely basis in order to support their decision-making. Non-executive board members do not typically have the same access to information as key managers within the company. The contributions of non-executive board members to the company can be enhanced by providing access to certain key managers within the company such as, for example, the company secretary and the internal auditor, and recourse to independent external advice at the expense of the company. In order to fulfill their responsibilities, board members should ensure that they obtain accurate, relevant and timely information.</p> <p>WORLD BANK PRINCIPLE 6 (VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?</p>	Y	<p>Governance Report of the 2017 Annual Report, page 17 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report: "It has become the practice of the Association to set all the meetings of the Board and Board Committees for the succeeding year by the 4th quarter of the previous year. Thus the meetings for CY2017 were set in December 2016; likewise, for the meetings in CY2018 were set in November 2017. Management exerts best effort to send all materials for Board meetings electronically to the members of the Board at least five (5) working days prior to the Board meeting."</p>
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	<p>OECD PRINCIPLE VI (F)</p> <p>ICSA Guidance on the Corporate Governance Role of the Company Secretary</p>	Y	<p>2015 Manual of Corporate Governance, Pages 15-16 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf); By-Laws, Article X (Officers) Section 6 which states:</p> <p>"Section 6. Corporate Secretary – The Secretary shall be elected by the Board. He shall be a resident of the Philippines, a member of the Bar, and may or may not be a member of the Association. He shall have the following duties and powers:</p> <p>a) He shall keep, or cause to be kept, a book of minutes of the principal office, of all meetings of Trustees and members with the time and place of such meetings, whether regular or special, and if special, how authorized, the notice given thereto, the name of those present or represented at members meetings, and the proceeding thereof.</p> <p>b) He shall keep or cause to be kept at the principal office, or at the Association's Chapter or Branch Office, a member's register, or a duplicate member's register, showing the names and dates of certificates issued to them and such other pertinent information as may be required by law.</p> <p>c) He shall give, or cause to be given, notice of all the meetings of the members, and of the Board, required by law or by the Articles of Incorporation and By-Laws; and shall certify all minutes, records and proceedings of the Board, and of the members.</p> <p>d) He shall keep the seal of the Association in safe custody, turn-over to its successor all records in his custody.</p> <p>e) He shall exercise such power and perform such duties may be prescribed by the Board of Trustees or by the Insurance Commission, the Securities and Exchange Commission, and other regulatory bodies, including these By-Laws and the Governance Manual."</p>
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?	<p>WORLD BANK PRINCIPLE 6 (VI.D.2.12) Do company boards have a professional and qualified company secretary?</p>	Y	<p>Governance Report of the 2017 Annual Report, page 16 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report: "The Association's Corporate Secretary, Atty Renato A David, also undergoes continuous legal training (Mandatory Continuing Legal Education or MCLE) at the UP Law Center. For 2017, Atty David and the Chairman of the Governance Committee prior to the AGM attended a two-day financial course with the Center for Global Best Practice to enable them to better analyse the Association's financial statements."</p>
Board Appointments and Re-Election				
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	<p>OECD PRINCIPLE II (C) (3) To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p> <p>OECD Principle VI (D) (5) Ensuring a formal and transparent board nomination and election process. These Principles promote an active role for shareholders in the nomination and election of board members. The board has an essential role to play in ensuring that this and other aspects of the nominations and election process are respected. First, while actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures are transparent and respected. Second, the board has a key role in identifying potential members for the board with the appropriate knowledge, competencies and expertise to complement the existing skills of the board and thereby improve its value-adding potential for the company. In several countries there are calls for an open search process extending to a broad range of people.</p>	Y	<p>2015 Manual of Corporate Governance, Pages 6-8 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVERNANCE_MANUAL_02_July_2015.pdf)</p> <p>Qualifications of a Trustee Each trustee shall have the qualifications and none of the disqualifications herein provided:</p> <p>Qualifications:</p> <ol style="list-style-type: none"> 1. A bona fide member of AFPMBAI; 2. Possesses qualities of integrity and probity; 3. Possesses necessary skills and experience in terms of management capabilities, and preferably in the field of insurance, legal, finance/investment management, audit/ accounting or related disciplines; 4. Aware of his role and appreciates the crucial differences between management and direction; 5. Possesses an understanding of the legal framework within which to operate; 6. Possesses an understanding of the Board's operation and how to ensure its effectiveness; 7. Should also possess, or endeavor to acquire, the following basic qualities/ competencies: <ol style="list-style-type: none"> a. Strategic business direction Being charged with determining AFPMBAI's strategic direction, a Trustee should know and understand the issues and processes involved in formulating, implementing and controlling AFPMBAI's corporate and business strategies. All Trustees are expected to keep themselves up to date with the affairs of AFPMBAI and the Board. b. Basic principles of business management A Trustee should have sound background knowledge of AFPMBAI's operations, asset and liability management, accounting, financial language and concepts, and relevant financial tools and techniques. c. Human resource direction A trustee should be aware of the importance of employing the right people with the right skills, encouraging their commitment, involvement and contribution, and aligning human resource strategies with corporate goals. d. Improving business performance A trustee should understand the link between total quality techniques and business results and what are the determining factors in improving the business's performance. e. Organizing for the Future

				<p>Charged with ensuring the Association's capabilities to meet the demands of the corporate strategy, a trustee should know how modern companies should be organized and structured in order to respond successfully to a changing environment.</p> <p>8. For Board seats that are not positional in nature, upon appointment, preferably the Trustee should have at least three (3) remaining years prior to retirement from the active uniformed service; and</p> <p>9. Within a month after appointment, or when the course is available, must undergo a seminar on corporate governance principles, on relevant laws and charters applicable to AFPMBAI and the Board, and on the various businesses of the Association.</p> <p>Disqualifications:</p> <p>1. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions;</p> <p>2. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>3. Any person judicially declared to be insolvent;</p> <p>4. Any person finally found guilty by court or financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</p> <p>5. Any independent trustee who becomes an officer or employee of AFPMBAI; and</p> <p>6. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</p> <p>Any of the following shall be a ground for the temporary disqualification of a trustee:</p> <p>1. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>2. Absence or non-participation for whatever reason for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Trustee during his incumbency, or any twelve (12) month period during said incumbency;</p> <p>3. Dismissal or termination from directorship in another corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>4. Holding of the position of trustee, director or officer in more than four (4) other corporations and/or in any corporation having the same business interests as AFPMBAI;</p> <p>5. Being under preventive suspension by the Head of represented agencies;</p> <p>Conviction that has not yet become final referred to in the grounds for the disqualification of trustees.</p>
E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?		Y	<p>By-Laws, Article IX (Board of Trustees) Section 2 which reads:</p> <p>"Section 2. The Board of Trustees shall consist of a maximum of fifteen (15) members to be appointed by the Chairman of the Board or elected during the General Membership Meeting...."</p>
E.3.11	Are all the directors/commissioners subject to re-election at least once every three years?	<p>ICGN: 2.9.1 Election of directors: Directors should be conscious of their accountability to shareholders, and many jurisdictions have mechanisms to ensure that this is in place on an ongoing basis. There are some markets however where such accountability is less apparent and in these each director should stand for election on an annual basis. Elsewhere directors should stand for election at least once every three years, though they should face evaluation more frequently.</p> <p>WORLDBANK PRINCIPLE 6 (VI.I.18) Can the re-election of board members be staggered over time? (Staggered boards are those where only a part of the board is re-elected at each election, e.g. only 1/3 of directors are re-elected every year.)</p>	Y	DEFAULT
Remuneration Matters				
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	<p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>In an increasing number of countries it is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives. Such policy statements specify the relationship between remuneration and performance, and include measurable standards that emphasise the longer run interests of the company over short term considerations. Policy statements generally tend to set conditions for payments to board members for extra-board activities, such as consulting. They also often specify terms to be observed by board members and key executives about holding and trading the stock of the company, and the procedures to be followed in granting and re-pricing of options. In some countries, policy also covers the payments to be made when terminating the contract of an executive.</p>	Y	<p>By-Laws Article IX, Section 10 which reads:</p> <p>"Section 10. The members of the Board of Trustees shall not receive any compensation or remuneration except for reasonable allowances and per diems."</p>
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	<p>UK CODE (JUNE 2010) D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.</p> <p>Disclosure of fee structure for non-executive directors allows shareholders to assess if these directors are remunerated in an appropriate manner, for example, whether they are paid for taking on additional responsibilities and contributions, such as chairing committees.</p>	Y	<p>By-Laws Article IX, Section 10 which reads:</p> <p>"Section 10. The members of the Board of Trustees shall not receive any compensation or remuneration except for reasonable allowances and per diems."</p>
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	<p>OECD PRINCIPLE VI. (D.4) The Board should fulfil certain key functions including aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>ICGN 2.3 (D) and (E) D. Selecting, remunerating, monitoring and where necessary replacing key executives and overseeing succession planning. E. Aligning key executives and Board remuneration with the longer term interest of the company and its shareholders.</p>	Y	DEFAULT

E.3.15	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	<p>UK CODE (JUNE 2010) (D.1.3) Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance-related elements. If, by exception, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision B.1.1).</p> <p>ASX CODE Box 8.2: Guidelines for non-executive director remuneration Companies may find it useful to consider the following when considering non-executive director remuneration: 1. Non-executive directors should normally be remunerated by way of fees, in the form of cash, noncash benefits, superannuation contributions or salary sacrifice into equity; they should not normally participate in schemes designed for the remuneration of executives. 2. Non-executive directors should not receive options or bonus payments. 3. Non-executive directors should not be provided with retirement benefits other than superannuation.</p>	N	<p>By-Laws Article IX, Section 10 which reads:</p> <p>"Section 10. The members of the Board of Trustees shall not receive any compensation or remuneration except for reasonable allowances and per diems."</p>
Internal Audit				
E.3.16	Does the company have a separate internal audit function?	<p>OECD PRINCIPLE VI (D) (7) 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.</p> <p>Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the organisation. The board will also need to ensure that there is appropriate oversight by senior management. One way of doing this is through an internal audit system directly reporting to the board.</p>	Y	DEFAULT
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	<p>Companies often disclose that they have an internal audit but, in practice, it is not uncommon for it to exist more in form than in substance. For example, the in-house internal audit may be assigned to someone with other operational responsibilities. As internal audit is unregulated, unlike external audit, there are firms providing outsourced internal audit services which are not properly qualified to do so. Making the identity of the head of internal audit or the external service provider public would provide some level of safeguard that the internal audit is substantive.</p>	Y	<p>Management Team of the 2017 Annual Report, page 36 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Ms. Jocelyn T. Miranda, Head Internal Audit Office</p>
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	<p>OECD PRINCIPLE VI (D) (7)</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent Audit Committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board.</p> <p>WORLD BANK PRINCIPLE 6 (VI.D.7.9) Does the internal auditors have direct and unfettered access to the board of directors and its independent Audit Committee?</p> <p>ASX Principles on CG "...companies should consider a second reporting line from the internal audit function to the board or relevant committee." Under the ASX Principles it is also recommended that the Audit Committee have access to internal audit without the presence of management, and that "the audit committee should recommend to the board the appointment and dismissal of a chief internal audit executive."</p>	Y	DEFAULT
Risk Oversight				
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	<p>OECD PRINCIPLE 6 (VI) (D) (7)</p> <p>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.</p>	Y	Audit Committee Charter (http://afpmbai.com.ph/acgs/2018/Revised_Audit_Committee_Charter.pdf)
E.3.20	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	<p>UK CODE (JUNE 2010) C.2.1 The board should, at least annually, conduct a review of the effectiveness of the company's risk management and internal control systems and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls.</p>	Y	Governance Report of the 2017 Annual Report, pages 24-26 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.3.21	Does the company disclose how key risks are managed?	<p>OECD PRINCIPLE V (A) (6) Foreseeable risk factors.</p> <p>Disclosure of risk is most effective when it is tailored to the particular industry in question. Disclosure about the system for monitoring and managing risk is increasingly regarded as good practice.</p>	Y	Governance Report of the 2017 Annual Report, pages 24-26 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.3.22	Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<p>OECD PRINCIPLE 6 (VI) (D) (7) 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.</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. It should also be regarded as good practice for this committee, or equivalent body, to review and report to the board the most critical accounting policies which are the basis for financial reports. However, the board should retain final responsibility for ensuring the integrity of the reporting systems. Some countries have provided for the chair of the board to report on the internal control process.</p>	Y	Governance Report of the 2017 Annual Report, pages 19-20 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.4	People on the Board			

Board Chairman				
E.4.1	Do different persons assume the roles of chairman and CEO?	<p>OECD PRINCIPLE VI (E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>In a number of countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and chairman, or, if these roles are combined, by designating a lead non-executive director to convene or chair sessions of the outside directors. Separation of the two posts may be regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capacity for decision making independent of management.</p>	Y	Governance Report of the 2017 Annual Report, page 17 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.4.2	Is the chairman an independent director/commissioner?	<p>UK Code (June 2010) A.3.1 The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If, exceptionally, a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next Annual Report.</p>	N	Governance Report of the 2017 Annual Report, page 17 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.4.3	Has the chairman been the company CEO in the last three years?	<p>ASX Code Recommendation 3.2 The chief executive officer should not go on to become chair of the same company. A former chief executive officer will not qualify as an "independent" director unless there has been a period of at least three years between ceasing employment with the company and serving on the board.</p>	N	Annual Report from 2015, 2016, and 2017
E.4.4	Are the role and responsibilities of the chairman disclosed?	<p>ICGN: 2.5 Role of the Chair The chair has the crucial function of setting the right context in terms of board agenda, the provision of information to directors, and open boardroom discussions, to enable the directors to generate the effective board debate and discussion and to provide the constructive challenge which the company needs. The chair should work to create and maintain the culture of openness and constructive challenge which allows a diversity of views to be expressed...The chair should be available to shareholders for dialogue on key matters of the company's governance and where shareholders have particular concerns.</p>	Y	<p>2015 Manual of Corporate Governance, Pages 13-14 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVORNANCE_MANUAL_02_July_2015.pdf)</p> <p>Chairman of the Board</p> <p><i>The Chairman shall preside over the meetings of the Board and the General Membership Meeting. In his absence, the Vice Chairman shall preside. In the absence of the Chairman and Vice Chairman, the Trustees present may elect from among themselves an Acting Chairman for that particular meeting.</i></p> <ol style="list-style-type: none"> The Chairman shall exercise independent judgment, act objectively, and ensure (alongside the President) that all relevant matters are included in the agenda and prioritized properly, giving more weight to "performance duties" (i.e. strategy and policy) over "compliance duties" (i.e. monitoring and accountability). The Chairman shall ensure that all the Trustees are fully involved and informed of any business issue on which a decision has to be taken. The Chairman, with the assistance of the Corporate Secretary and the President, shall determine the annual Board Plan/Agenda and other strategic issues. The Chairman shall be responsible for the integrity of the Board process, such that decisions made shall be explicit, timely, relevant to the AFPMBAI's vision and strategy, and anchored on policies, values, and ethical standards. The Chairman should be guided by the following: <ul style="list-style-type: none"> • Wide experience, preferably at board level, in successful organizations; • Capacity for strategic thinking and ability to make quick and important decisions; • Working understanding of finance, accounts and reports systems; • Excellent leadership and communications skills; and • Appropriate training in corporate governance and professional Trusteeship.
Skills and Competencies				
E.4.5	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	<p>ICGN: 2.4.3 Independence Alongside appropriate skill, competence and experience, and the appropriate context to encourage effective behaviours, one of the principal features of a well-governed corporation is the exercise by its board of directors of independent judgement, meaning judgement in the best interests of the corporation, free of any external influence on any individual director, or the board as a whole. In order to provide this independent judgement, and to generate confidence that independent judgement is being applied, a board should include a strong presence of independent non-executive directors with appropriate competencies including key industry sector knowledge and experience. There should be at least a majority of independent directors on each board.</p>	Y	Governance Report of the 2017 Annual Report, pages 14-15 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.4.6	Does the company disclose a board of directors/commissioners diversity policy?	<p>ASX Code Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p> <p>Regulations and codes of corporate governance in many developed markets now incorporate board diversity as a consideration in board composition</p>	Y	Governance Report of the 2017 Annual Report, pages 14-15 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).
E.5 Board Performance				
Directors Development				
E.5.1	Does the company have orientation programmes for new directors/commissioners?	This item is in most codes of corporate governance.	Y	<p>Governance Report of the 2017 Annual Report, page 16 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>2015 Manual of Corporate Governance, Page 7 (http://afpmbai.com.ph/wp-content/themes/afpmbai/agm/CORPORATE_GOVORNANCE_MANUAL_02_July_2015.pdf)</p> <p><i>"Within a month after appointment, or when the course is available, must undergo a seminar on corporate governance principles, on relevant laws and charters applicable to AFPMBAI and the Board, and on the various businesses of the Association."</i></p>

E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	<p>OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities.</p> <p>In order to improve board practices and the performance of its members, an increasing number of jurisdictions are now encouraging companies to engage in board training and voluntary self-evaluation that meets the needs of the individual company. This might include that board members acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.</p>	Y	<p>Governance Report of the 2017 Annual Report, page 16 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report: <i>"All the trustees of the Association are given an orientation on the operations of AFPMBAI when they first assume their positions in the Board. This orientation usually coincides with their first Board meeting following their election in the AGM. Should individual trustees require a more detailed orientation, our Strategic Management Office conducts a one-on-one session with them to discuss their queries and address more specific matters of concern.</i></p> <p><i>"Following their assumption as trustees, the members of the Board are required to attend the Corporate Governance Orientation Program (CGOP) of the ICD, a one-day program to orient them on the corporate governance standards and best practices observed in Asia and globally. Some members of the Board, including our Corporate Secretary, have already attended the Professional Development Program (PDP) of the ICD, a five-day program that provides a more in-depth look at the challenges of establishing best practices in the workplace.</i></p> <p><i>"The Association's Corporate Secretary, Atty Renato A David, also undergoes continuous legal training (Mandatory Continuing Legal Education or MCLE) at the UP Law Center. For 2017, Atty David and the Chairman of the Governance Committee prior to the AGM attended a two-day financial course with the Center for Global Best Practice to enable them to better analyse the Association's financial statements.</i></p> <p><i>"Every year, the Association also conducts a Continuing Education Program (CEP) for all its trustees, including the Corporate Secretary and key members of Management wherein speakers from IC, ICD, and from the business sector provide updates on topics relevant to the Association. For 2017, AFPMBAI was privileged to have the guidance of the Insurance Commission through their representatives: Ms Julia C Duerias, Division Manager for Non-Life Examination, Mr Carlo Garcia, Supervising Insurance Specialist for the Life and Mutual Benefit Associations Sector, and Ms Imari Plana, Insurance Specialist II.</i></p> <p><i>"Mr Roberto T Bascon Jr, Director for Corporate Governance Scorecards from the Institute of Corporate Directors, also oriented our CEP participants on the value of the ASEAN Corporate Governance Scorecard and how it can improve the Association and bring it to par with its counterparts in the country and the region. And, with good reviews from all participants, Professor Tomas Tiu gave a very informative two-day seminar on Corporate Governance, as it relates to Finance, and on Risk Management.</i></p> <p><i>"The CEP endeavours to equip the members of the Board, as well as Management, on how best to govern and operate the Association according to best practices and global standards, and the Program has succeeded in this endeavour in 2017 through the application of the knowledge gained in AFPMBAI's day-to-day operations."</i></p>
CEO/Executive Management Appointments and Performance				
E.5.3	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	<p>OECD PRINCIPLE VI (D) (3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.</p> <p>In two tier board systems the supervisory board is also responsible for appointing the management board which will normally comprise most of the key executives.</p>	Y	<p>By-Laws, Article X (Officers) Section 4 which reads:</p> <p><i>"In case of the incapacity, illness, or death of the President, the Chairman shall appoint the next senior officer (a) until his successor is appointed, and whom so acting, he shall have all the powers of, and be subjected to the restrictions upon, the President."</i></p>
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	<p>OECD PRINCIPLE VI (D) (2). Monitoring the effectiveness of the company's governance practices and making changes as needed.</p> <p>Monitoring of governance by the board also includes continuous review of the internal structure of the company to ensure that there are clear lines of accountability for management throughout the organisation. In addition to requiring the monitoring and disclosure of corporate governance practices on a regular basis, a number of countries have moved to recommend or indeed mandate self-assessment by boards of their performance as well as performance reviews of individual board members and the CEO/Chairman.</p>	Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf)</p> <p>Excerpt from the Governance Report of the 2017 Annual Report <i>"The performance assessment of the President and only Executive Trustee is based on the corporate score of the Association, a score which effectively rates the performance of the Association with respect to the five (5) perspectives of its Balanced Scorecard, namely: Financial, Customer/Social Responsibility, Internal Business Process, and Learning and Growth. This portion of the President's assessment receives a maximum of 60 points. Part B of his assessment pertains to his rating on qualitative measures such as: Implementation of Board Resolutions, Effective Relationship with the Board, and Transparency and High Ethical Standards. Part B of the assessment receives a maximum of 40 points. The points are then added to come up with the final rating. The President is rated by all the members of the Board of Trustees, including the Chairman."</i></p>
Board Appraisal				
E.5.5	Is an annual performance assessment conducted of the board of directors/commissioners?	OECD PRINCIPLE VI (D) (2)	Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report <i>"In the first quarter of 2018, at the Governance Committee's recommendation, the Board of Trustees instituted a performance appraisal system for the Board of Trustees and its Committees. The criteria for the assessment of the Board's performance was based on the accomplishment of its role and responsibilities as assessed by the Board Committees (25%), and as assessed by the Board Chairman (25%), the Board dynamics (30%), and the quality and timeliness of information provided to the Board (20%)."</i></p>
E.5.6	Does the company disclose the process followed in conducting the board assessment?		Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf)</p> <p>Excerpt from the Governance Report of the 2017 Annual Report <i>"In the first quarter of 2018, at the Governance Committee's recommendation, the Board of Trustees instituted a performance appraisal system for the Board of Trustees and its Committees. The criteria for the assessment of the Board's performance was based on the accomplishment of its role and responsibilities as assessed by the Board Committees (25%), and as assessed by the Board Chairman (25%), the Board dynamics (30%), and the quality and timeliness of information provided to the Board (20%)."</i></p> <p><i>"The assessment of the performance of AFPMBAI's Board Committees is based on the accomplishment of their oversight functions on the implementation of the Association's strategic objectives and major action plans. A specific weight is assigned to priority targets that the Board Committees have agreed to focus on for the subject year, as approved by the Board of Trustees."</i></p>
E.5.7	Does the company disclose the criteria used in the board assessment?		Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf)</p> <p>Excerpt from the Governance Report of the 2017 Annual Report <i>"In the first quarter of 2018, at the Governance Committee's recommendation, the Board of Trustees instituted a performance appraisal system for the Board of Trustees and its Committees. The criteria for the assessment of the Board's performance was based on the accomplishment of its role and responsibilities as assessed by the Board Committees (25%), and as assessed by the Board Chairman (25%), the Board dynamics (30%), and the quality and timeliness of information provided to the Board (20%)."</i></p>
Director Appraisal				
E.5.8	Is an annual performance assessment conducted of individual director/commissioner?	OECD PRINCIPLE VI (D) (2)	Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report <i>"The performance of the individual members of the Board is assessed using the following criteria: Ethics/Professionalism, Initiative, Service Representation, Communication Effectiveness, and Meeting Participation Effectiveness. Each criterion receives a maximum rating of 100%, with the final score being the average rating. Each Board member is evaluated by the Board Chairman and the Chairman of the Governance Committee. The Corporate Secretary is rated in a similar manner, but instead of Service Representation the criteria used is Legal Expertise."</i></p>
E.5.9	Does the company disclose the process		Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p>

	followed in conducting the director/commissioner assessment?			<p>Excerpt from the Governance Report of the 2017 Annual Report</p> <p><i>"The performance of the individual members of the Board is assessed using the following criteria: Ethics/Professionalism, Initiative, Service Representation, Communication Effectiveness, and Meeting Participation Effectiveness. Each criterion receives a maximum rating of 100%, with the final score being the average rating. Each Board member is evaluated by the Board Chairman and the Chairman of the Governance Committee. The Corporate Secretary is rated in a similar manner, but instead of Service Representation the criteria used is Legal Expertise."</i></p>
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?		Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report</p> <p><i>"The performance of the individual members of the Board is assessed using the following criteria: Ethics/Professionalism, Initiative, Service Representation, Communication Effectiveness, and Meeting Participation Effectiveness. Each criterion receives a maximum rating of 100%, with the final score being the average rating. Each Board member is evaluated by the Board Chairman and the Chairman of the Governance Committee. The Corporate Secretary is rated in a similar manner, but instead of Service Representation the criteria used is Legal Expertise."</i></p>
Committee Appraisal				
E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?	<p>UK CODE (JUNE 2010)</p> <p>B.6 Evaluation: The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.</p>	Y	<p>Governance Report of the 2017 Annual Report, pages 22-23 (http://afpmbai.com.ph/acgs/2018/AFPMBAI_Annual_Report_2017.pdf).</p> <p>Excerpt from the Governance Report of the 2017 Annual Report</p> <p><i>"The assessment of the performance of AFPMBAI's Board Committees is based on the accomplishment of their oversight functions on the implementation of the Association's strategic objectives and major action plans. A specific weight is assigned to priority targets that the Board Committees have agreed to focus on for the subject year, as approved by the Board of Trustees."</i></p>