



# **AIG Philippines Insurance Inc. Board of Directors Charter**

**Approved on: July 27, 2021**



## 1. Purpose

- 1.1 The primary roles of the Board of Directors (“**Board**”) is to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

## 2. Composition and Term of Office

- 2.1 The composition and term of office are as follows:
- a) The Board shall be comprised of at least five (5) Directors.
  - b) At least 20% of the Directors shall be independent director(s), using the criteria in the Corporate Governance Regulations issued by the Insurance Commission (“**IC**”).

## 3. Proceedings

- 3.1 The Board shall meet at least four (4) times each year or as the Board deems appropriate to carry out its responsibilities.
- 3.2 Meetings and proceedings of the meetings of the Directors shall be governed by the provisions set out in Articles of Incorporation and By-Laws of the Company.
- 3.3 The Corporate Secretary should ensure that the Board receives information and papers in a timely manner to enable full and proper consideration of the issues.
- 3.4 Minutes of proceedings of the Board shall be recorded by the Corporate Secretary and circulated to all members of the Board.

## 4. Authority

- 4.1 The Company shall have the following committees:
- a) Nomination and Corporate Governance Committee;
  - b) Remuneration/Compensation Committee;
  - c) Audit Committee;
  - d) Risk Oversight Committee; and
  - e) Related Party Transaction Committee.

(collectively referred to as “**Board Committees**”).

- 4.2 The Board may delegate the authority to make decisions to any Board Committees but without abdicating its responsibility. Any such delegation should be disclosed. Matters not specifically delegated will be reserved to the Board. Where the Board delegates its authority to a Board Committee, the Board shall establish communication procedures

between the Board and Board Committees, and also across Board Committees. Board Committees shall report to the Board regularly.

## **5. Responsibilities**

5.1 The responsibilities of the Board, among others, are as follows:

- a) Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- c) Review performance of Key Management Personnel;
- d) Identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;
- e) Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- f) Consider sustainability issues, (e.g. environmental and social factors), as part of its strategic formulation.

5.2 All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

5.3 The Board should discuss and approve the organizational structure of the Company, including ensuring that adequate corporate governance frameworks and systems are in place across the Company.

5.4 The Board shall review, on an annual basis, the composition of each Board Committee to ensure that it remains relevant and effective in relation to its duties and responsibilities.

5.5 The Board should also set corporate values aimed at promoting and maintaining a high level of professional conduct of the business, and to emphasize, among others, integrity, honesty and proper conduct at all times, both with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest. Such values should discourage excessive risk taking activities, promote open discussions and encourage issues to be raised upwards within the organization where appropriate. The Board should oversee the establishment of policies to strengthen the values of the Company.

5.6 The Board should ensure that key management personnel formulates policies and processes to promote fair practices and high standards of business conduct, and

address any misrepresentation, in particular, making of false and misleading statements and misconduct, by staff, its distribution channels and its claims adjudication.

5.7 The Board should ensure that:

- a) incoming Directors receive comprehensive induction on joining the Board, including his/her duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the Company's business and governance practices;
- b) first-time Directors are provided training in areas such as accounting, legal and industry-specific knowledge as appropriate;
- c) all Directors receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time; and
- d) a continuous professional development programme is developed for all Directors to ensure that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively.

5.8 The Board should present a balanced and understandable assessment of the Company's performance, position and prospects, and reports to regulators (if required).

5.9 The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, by establishing written policies where appropriate.

5.10 The Board should regularly meet with key management personnel to discuss and review critically the decisions made, information provided and any explanations given by key management personnel relating to the business and operations of the Company.

5.11 The Board should implement a formal annual assessment process, to be carried out by the Nominating and Corporate Governance Committee, for assessing the effectiveness of the Board as a whole and the Board Committees and the contribution by each Director to the effectiveness of the Board.

5.12 The Chairman shall is responsible for leading the Board to ensure its effectiveness on all aspects of its role. He shall comply with the key duties and responsibilities of his role in accordance with the existing laws, rules, regulations and Company By-Laws.

5.13 The Corporate Secretary shall safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation. He shall comply with the key duties and responsibilities of his role in accordance with existing laws, rules, regulations and Company By-Laws.

## **6. Appointments to the Board**

6.1 The Board shall consider the leadership needs and succession planning of the Board when reviewing new appointments.

6.2 When reviewing the appointment of new Directors, the Board shall have regard to the size of the Board which facilitates effective decision making; balance of executive and



non-executive Directors; the skills and experience already represented; likely future retirements; those appointments to the Board which would be desirable going forward to maintain an appropriate balance and diversity of skills, experience, gender and knowledge of the Company; scope and nature of the operations of the Company; and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

- 6.3 The Directors shall submit themselves for re-election in accordance with the constitution of the Company.
- 6.4 The Board should ensure a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently.