

# Corporate Governance Manual



## Introduction

Singapore Life Philippines, Inc. ("SLP" or "Company") recognizes the importance of a strong corporate governance framework and established this Corporate Governance Manual ("CGM") to ensure that the best corporate governance practices are being adhered to by SLP for the benefit of its clients, shareholders and its regulators.

The CGM institutionalizes the principles of good corporate governance in the entire organization and should be read together with SLP's Articles of Incorporation and By-Laws and any applicable policy, rule, law or regulation. The Board of Directors of the Company ("Board") may nevertheless, modify or amend these guidelines from time to time as it deems fit.

### A. Corporate Governance Principles

#### 1. Board and Senior Management

The Board of Directors in conjunction with Senior Management has over-all responsibility for:

- I. providing entrepreneurial leadership within a framework of prudent and effective controls which enable risks to be properly assessed and managed;
- II. setting the Company's strategic aims;
- III. ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance;
- IV. setting the Company's values and standards; and
- V. ensuring that its obligations to the Company's clients, stakeholders and shareholders are understood and met.

#### 2. Board Committees

The Board shall constitute Committees and delegate in writing some of its duties and responsibilities. The Committees shall assist the Board in practising good corporate governance. Committee decisions and requests for action shall be elevated to the Board for approval or ratification, as may be necessary.

#### 3. Delegated Authorities

Authorities may also be delegated in writing to Senior Management so that Senior Management will have sufficient authorities to oversee the business effectively and do what is necessary for the Company's overall benefit.

The President and CEO is empowered to delegate his/her authorities in writing to the Company's heads or management committees, as appropriate.

#### 4. Compliance Policies

The Board should be familiar with the compliance policies since they have the ultimate responsibility of ensuring that the Compliance Policies are strictly observed.

Compliance Policies may include but are not limited to the following:

- a. Code of Ethics and Business Conduct;

- b. Anti-Money Laundering and Counter-Terrorist Financing;
- c. Data Privacy and Confidentiality;
- d. Compliance Charter or Terms of Reference;
- e. Anti-Bribery and Gifts & Entertainment; and
- f. Conflicts of Interest.

Further policies and guidelines strategy and framework are presented to the Board for approval.

## **B. Board Charter**

The Board is primarily responsible for the governance of the Company. The Board is responsible for the long-term success and sustainability of SLP to all its stakeholders. The Board has to act with honesty and integrity in all of its duties, functions and responsibilities.

### **1. Responsibilities of the Board**

The Board will:

- I. Agree on a strategic plan for the Company;
- II. Approve the medium-term plan, including the annual budget;
- III. Monitor, assess, and control the performance of the business against the approved budget and the strategy;
- IV. Ensure the business is properly managed, having fair and equitable dealings with policyholders, claimants and creditors;
- V. Ensure that a capable and motivated workforce is in place and can be sustained through recruitment, hiring, performance management, succession planning, training and development;
- VI. Ensure the implementation of an appropriate risk management process, and to manage business, financial and operational risks of the Company;
- VII. Ensure the adequacy and the integrity of the Company's processes and procedures for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines;
- VIII. Approve material transactions not in the Company's ordinary course of business;
- IX. Ensure a system of checks and balances is in place within the Board;
- X. Present to the shareholders a balanced and understandable assessment of the Company's performance and financial condition.

### **2. Constitution of the Board**

The Board shall be composed of seven (7) members, with at least two (2) independent directors elected by the shareholders.

The Board will include a balance of executive and non-executive directors, such that, no individual or small group of individuals can dominate the Board's decision making.

### **3. Multiple Board Seats**

The optimum number of directorships is dependent on the capacity of a director. However, in case the number of directorships exceed 5, this should be disclosed.

### **4. Board Membership**

Board members are selected based on their capabilities and their fit within the team to exercise the responsibilities of the Board. Plans will be in place for an orderly succession of Board members.

The Board must ensure that a fair and effective selection and nomination process is being implemented in selecting directors. The process in place must also encourage shareholders'

participation (including the minority shareholders') in the selection and nomination of directors.

#### **I. Qualification**

Every director sitting on the Board must:

1. have the necessary skills, competence and experience that can support the development of the Company but at least one (1) director must have expertise in the field of insurance;
2. own at least one (1) share of the capital stock of the Company under his/her name and recorded in the books of the Company;
3. have attended a special seminar on corporate governance conducted by a training provider accredited by the Insurance Commission ("IC"), or undertakes to attend such seminar within six (6) months from the date of his/her appointment/election; and
4. be at least be twenty-five (25) years old upon election and/or appointment.

The Board may further provide for additional qualifications of a director.

#### **II. Disqualification**

Any Board member that no longer complies with the requirements set by SEC or IC will automatically be disqualified as a Board member. Permanent and temporary disqualifications are provided by IC Circular Letter No. 71-2020 or as may be provided by its later amendments or updates.

#### **III. Nomination/Election**

1. Qualifications for the Appointees shall be approved by the Corporate Governance Committee. Appointees are persons whose appointment must be approved by the Board or the Shareholders, as stated in relevant laws, rules, regulations or Company policies. Shareholders' appointment is required for Directors, while Board's appointment is required for the Chief Executive Officer, the Chief Audit Officer, the Chief Risk Officer, the Corporate Secretary, and the Compliance Officer.
2. All directors shall be elected by shareholders at the Annual or Special Shareholders Meeting (as applicable) after their nomination, and to re-election.
3. The names of directors submitted for election or re-election shall be accompanied by sufficient biographical details and any other relevant information to enable shareholders to make an informed decision on their election.
4. Each director shall represent all shareholders and shall be in a position to participate independently and objectively.

### **5. Independent Directors**

In addition to the general requirements, an independent director refers to a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having any relationship with the Company, which could interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the director's fees and shareholdings, he should be independent of management and free from any business or other relationship that could materially interfere with the exercise of his/her

independent judgment.

Detailed requirements for the qualification of an independent Board member are defined in IC Circular Letter Nos. 36-2018 and 2020-71 or as may be provided by its later amendments or updates.

## **6. Duties, Responsibilities and Functions of each Director**

All Directors are required to:

- I. Conduct fair business transaction with SLP to ensure that personal interest does not bias board decisions.
  - Disclose any conflicts of interest and to abstain from participating in any discussion or voting on any matter in which they have a material personal interest unless prior approval of the Board has been obtained.
  - Disclose to the Chief Executive Officer, Chairman of the Board or Corporate Secretary their interest in transactions or any other conflict of interest within three (3) days from the occurrence or discovery of such interest or conflict.
- II. Avoid situations that would give rise to a conflict of interest.
  - If transactions with SLP cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to SLP than those offered to others.
- III. Act honestly, in good faith, and with loyalty to the best interest of SLP, its stockholders, (regardless of the amount of their stockholdings) and other stakeholders such as its policyholders, investors, borrowers, other clients and the general public.
- IV. Devote time and attention necessary to properly discharge their duties and responsibilities.
  - Devote sufficient time to familiarize themselves with SLP's business.
  - Be constantly aware of SLP's condition and be knowledgeable enough to contribute meaningfully to the Board's work.
  - Attend and actively participate in Board and committee meetings, request and review meeting materials, ask questions and request explanations.
- V. Act judiciously.
- VI. Exercise independent judgment.
- VII. Have a working knowledge of the statutory and regulatory requirements affecting SLP, including the contents of its Articles of Incorporation, By-Laws, the requirements of the IC, and where applicable, the requirements of other government agencies.
- VIII. Observe confidentiality.
  - Directors must observe the confidentiality of non-public information acquired by reason of their position as directors.
  - They may not disclose said information to any other person without the authority of the Board.

- IX. Ensure the continuing soundness, effectiveness and adequacy of SLP's control environment.

## **7. The Chairman and Chief Executive Officer**

The Chairman of the Board is appointed by the shareholders by rotation for a period of twenty-four (24) months with each shareholder having a shareholding percentage of twenty percentage (20%) or more at all times being able to nominate a director as Chairman. The shareholder that has nominated the Chairman shall continue to have a shareholding percentage of twenty percentage (20%) or more, failing which such director shall be removed as Chairman resulting to the appointment of a new Chairman in accordance with the rules agreed upon by the shareholders in writing.

Considering that the insurance business is imbued with public interest, the role of the Chairman and the Chief Executive Officer (CEO) shall be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for balanced decision-making.

The Chairman's responsibilities include:

- I. Schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of SLP's operations;
- II. Confirm the meeting agenda, as proposed by the President;
- III. Exercise control over quality, quantity and timeliness of the flow of information between Senior Management and the Board; and
- IV. Ensuring compliance with SLP's guidelines on corporate governance.

The responsibilities set out above may pertain only to the Chairman's role in respect to the Board proceedings and should not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.

## **8. Corporate Secretary**

The Board shall be entitled to the services of a Corporate Secretary and/or his/her designated representative who must ensure that all appointments are properly made and all necessary information are obtained from directors, both for SLP's records and for the purposes of meeting statutory obligations, as well as obligations arising from the requirements of regulatory agencies.

The Corporate Secretary must be a Filipino citizen and a resident of the Philippines. Considering his/her varied functions and duties, the Corporate Secretary must possess administrative and interpersonal skills including legal, financial and accounting skills.

The Corporate Secretary's duties and responsibilities may include:

- i. Being responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the company;
- ii. Being loyal to the mission, vision and objectives of the company;
- iii. Working fairly and objectively with the Board, Senior Management and Stockholders;
- iv. Having appropriate administrative and interpersonal skills;
- v. If he/she is not at the same time the company's legal counsel, being aware of the laws, rules and regulations necessary in the performance of his/her duties and responsibilities;
- vi. Having a working knowledge of the operations of the Company;



- vii. Informing the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- viii. Attending all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him/her from doing so; and
- ix. Ensuring that all Board procedures, rules and regulations are strictly followed by the members.

#### **9. Board Meetings and Quorum Requirement**

Directors are expected to regularly attend meetings of the Board and Committees of which they are members in person or through teleconference, video conference or any other means.

The Board may invite any Senior Management, representatives, advisers, consultants and others as it thinks fit to attend the Board or Committee meetings.

Frequency of the meetings and quorum requirements are as described in the Company's By-laws, Committees' Terms of Reference, and other similar documents.

#### **10. Performance Evaluation**

- i. To enhance Board and Management effectiveness, the Board will evaluate its performance at least annually, including all related matters reserved to the Board and the performance of the Board Committees and individual directors.
- ii. The directors shall likewise evaluate the performance of the Chairman without the presence of the Chairman; and the CEO without the presence of the CEO.
- iii. The Chairman shall act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of each director. He may propose appointment of new members to the Board or seek the resignation of directors.
- iv. Performance evaluation of the Board, the Committees and its individual directors shall be reported in the Annual Report.

#### **11. Information and Professional Development**

- i. The Board shall maintain an induction process for its new members.
- ii. The Chairman shall be responsible for ensuring that the directors receive accurate, timely and complete information.
- iii. The Chairman shall ensure that the directors continually update their skills, knowledge and familiarity with SLP's goals and objectives in order to fulfill their roles in the Board and/or Committees.
- iv. SLP shall provide the necessary resource in developing and updating its directors' knowledge and capabilities.
- v. The Corporate Secretary through the Chairman shall be responsible for advising the Board about governance matters.
- vi. The Chairman shall ensure that as an integral element of the process of appointing new directors, SLP provides an orientation and education program for new recruits to the Board.
- vii. The Board shall ensure that directors shall have access to independent professional advice at SLP's expense to discharge their responsibilities as directors. Committees

- shall be provided with sufficient resources to undertake their duties.
- viii. All directors shall have access to the advice and services of the Corporate Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. Both the appointment and removal of the Corporate Secretary shall be decided by the Board.

### **C. Board Committees**

To aid in complying with the principles of good governance, the Board shall constitute the following Committees:

#### **1. Audit Committee**

- a. The Audit Committee shall be composed of at least three (3) non-executive Board members, of which 2 need to be independent, all of whom must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.
- b. The Chairman of the Audit Committee should be an independent director and should not be the Chairman of the Board or of any other committees.
- c. Each member shall have adequate understanding at least or competence at most of SLP's financial management systems and environment.
- d. Upon constitution, the Audit Committee shall draft its Terms of Reference for the conduct of its functions, duties and responsibilities for the approval of the Board.
- e. The Corporate Secretary or his/her designated representative shall act as the Secretary of the Committee.
- f. The Audit Committee's duties and responsibilities include, but are not limited to, the following:
  - i. Provide oversight over the Senior Management's activities in managing credit, market, liquidity, operation, legal and compliance, and other risks of the Company.
  - ii. Provide oversight of the Company's internal and external auditors.
  - iii. Review and approve audit scope and frequency, and the annual internal audit plan.
  - iv. Approve appointment of the external auditor, including any question of its resignation or dismissal, and the audit fees for the particular audit year.
  - v. Discuss with external auditor the nature and scope of its audit, and ensure coordination where more than one audit firm is involved.
  - vi. Monitor and evaluate the adequacy and effectiveness of SLP's internal control system.
  - vii. Receive and review reports of internal and external auditors and regulatory bodies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory bodies.
  - viii. Review the quarterly, half-year and annual financial statements before submission to the Board.
  - ix. Responsible for coordinating, monitoring and facilitating compliance with existing SLP Compliance Policies, laws, rules and regulations.
  - x. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to SLP's total expenditure on consultancy. The non-audit work should be disclosed in the annual report.



- xi. Establish and identify the reporting line of the Head of Internal Audit or other relevant person of SLP so that the reporting level allows the internal audit activity to fulfil its responsibilities. The Head of Internal Audit or other relevant person shall report directly to the Audit Committee functionally.
- xii. Review and assess the adequacy and effectiveness of its Terms of Reference annually and request for Board approval for proposed changes.

## 2. Corporate Governance Committee

- a. The Corporate Governance Committee shall be composed of at least three (3) members, majority of whom should be independent Directors including the chairman.
- b. Upon constitution, the Corporate Governance Committee shall draft its Terms of Reference for the conduct of its functions, duties and responsibilities for the approval of the Board.
- c. The Corporate Secretary or his/her designated representative shall act as the Secretary of the Committee.
- d. The Corporate Governance Committee's duties and responsibilities include, but are not limited to, the following:
  - i. Approves the qualifications (and disqualifications) needed for each Appointee, and ensures that the Company recommends only to the Board for appointment individuals who possess the approved qualifications;
  - ii. Approves the structure or framework for appointing the Appointees in order to ensure that individuals with the appropriate knowledge, competencies and expertise are recommended to the Board for appointment;
  - iii. Review and make recommendations to the Board on the Company's remuneration policy or structure, and ensure that such remuneration policy or structure is: (i) in line with the applicable requirements as set by the Directors or shareholders in any form of written agreement, as may be appropriate, or with the Company's business strategies; (ii) at par, if not better, than those paid by comparable companies; (iii) commensurate to the time and commitment required from and delivered by the subject persons; (iv) in line with the good corporate governance practice, and (v) governed by a proper framework that ensures fair and timely execution of the Remuneration Policy;
  - iv. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
  - v. Oversee the results of the periodic performance evaluation of the Board and its committees as well as the Board's and the respective committees' Chairmen and the President and Chief Executive Officer, and ensure that the evaluation results with concrete action plans to address the identified areas for improvement are shared and discussed;
  - vi. Assure the presence of: (i) continuing education/training programs for the Appointees; (ii) assignment of tasks/projects to board committees, as appropriate; (iii) succession plan for the Appointees; and (iv) proper orientation and induction of new Directors; and
  - vii. Review and assess the adequacy and effectiveness of its Terms of Reference annually and request for Board approval for proposed changes.

## 4. Related Party Transaction Committee

- a. The Related Party Transaction (“RPT”) Committee shall be composed of at least three (3) non-executive Board members, of which 2 need to be independent. The Chairman of the Committee must be an independent director.
- b. Upon constitution, the RPT Committee shall draft its Terms of Reference for the conduct of its functions, duties and responsibilities for the approval of the Board.
- c. The Corporate Secretary or his/her designated representative shall act as the Secretary of the Committee.
- d. The RPT Committee’s duties and responsibilities include, but are not limited to, the following:
  - i. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors.
  - ii. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
    - The related party’s relationship to the Company and interest in the transactions;
    - The material facts of the proposed RPT, including proposed aggregate value of such transaction;
    - The benefits to the Company of the proposed RPT;
    - The availability of other sources of comparable products or services; and
    - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on Company’s internal policies shall be endorsed by the RPT Committee to the Board of Directors for approval.
  - iii. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company’s RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of Company’s affiliation or transactions with other related parties.
  - iv. Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.

- Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit processes.
- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

## 5. Executive Committee

- a. The Executive Committee shall be composed of least three (3) members.
- b. Upon constitution, the Executive Committee shall draft its Terms of Reference for the conduct of its functions, duties and responsibilities for the approval of the Board.
- c. The Corporate Secretary of the Committee shall be appointed by the Chairman of the Committee.
- d. The Executive Committee will act on matters for and in behalf of the Board under authority properly delegated to it, which includes but is not limited to the matters below:
  1. Approval of the appointment, employment and termination of Senior Management;
  2. Approval of Related Party Transactions before incurred by the Company for as long as such transactions are within the authorized limits decided by the Board;
    - a. Any and all approved Related Party Transactions shall be presented to the Related Party Transactions Committee and to the Board in the immediately succeeding meeting for their respective confirmation;
  3. Approval for the Company to enter into, initiate, or participate in any litigation, mediation, or conciliation proceedings involving amounts exceeding PhP2 million but not more than PhP10 million;
  4. Authority to allow the Company to enter transactions and/or avail of products, services or facilities of a bank, name authorized signatories to sign for and in behalf of the Company to implement the foregoing, and determine the mandate in relation with the bank engagement; and
  5. Such other authorities which the Board may authorize or delegate from time to time.

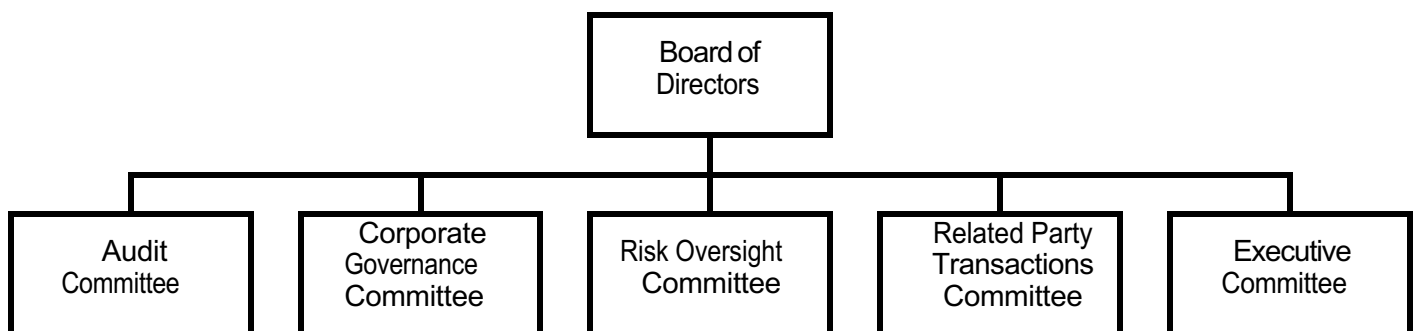
## 6. Risk Oversight Committee

- a. The Risk Oversight Committee (ROC) shall be composed of least three (3) members, majority of whom should be independent Directors including the Chairman. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The Chairman of the ROC should not be the Chairman of the Board or of any other committee and shall be appointed by the Board.
- b. Upon constitution, the ROC shall draft its Terms of Reference for the conduct of its functions, duties and responsibilities for the approval of the Board.
- c. The Corporate Secretary of the Committee shall be appointed by the Chairman of the Committee.
- d. The ROC will act on matters for and on behalf of the Board under authority properly delegated to it, which includes but is not limited to the matters below:
  1. Approval of the enterprise risk management strategy which may include focus on the following elements: (a) common language or register of risks, (b) well- defined risk management goals, objectives and oversight, (c) uniform processes for assessing risks and developing strategies to manage risks that are identified and prioritized, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures,

and delegate approval of the enterprise risk management plan (“Plan”) to a risk management committee which may be established by the Board;

2. Receive reports regarding the implementation of the Plan from the risk management committee and, as may be necessary, conduct discussions on the 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;
3. Evaluates the risk management strategy to ensure its continued relevance, comprehensiveness and effectiveness, and looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
4. Reviews the risk appetite levels and risk, and advises the Board on risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events that occur which are considered to have material effect on the Company;
5. Receive regular information on management of credit, market, liquidity, operational, legal and other risk exposures of the Company;
6. Reports to the Board on a regular basis, or as deemed necessary, on the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; and
7. Review and assess the adequacy and effectiveness of its Terms of Reference annually and request for Board approval for proposed changes.

#### **D. Governance Structure**



#### **E. Relations with Shareholders**

1. Dialogue with Shareholders:
  - a. There shall be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has the responsibility of ensuring that a satisfactory dialogue with shareholders takes place.
  - b. The Chairman of the Board shall ensure that the views of the shareholders are communicated to the Board.
  - c. The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public. This policy must effectively interpret the operations of SLP to the shareholders and must accommodate feedback from them, which should be factored into SLP's business decisions.
  - d. The Chairman of the Board shall discuss governance and strategies with major

shareholders.

- e. The Board shall keep in touch with shareholders' opinions in whatever way it is most practical and efficient.

## 2. Conduct of Annual Shareholders Meeting (ASM)

- a. The Board shall use the ASM to communicate with investors and encourage their participation.
- b. Votation for resolutions shall be on a show of hands.
- c. All proxy votes shall be counted including the vote for and against the resolutions and the number of abstentions.
- d. All resolutions shall be recorded and included in the minutes of the meeting.
- e. Notices of the ASM shall be sent at least two (2) weeks prior to the date of the meeting.
- f. The minutes of the ASM or any special shareholders' meeting shall record the attendance of each director/shareholder.

## 3. Intra-Corporate Disputes

The Board of Directors agree to use their best efforts to resolve, through negotiations in good faith, any and all intra-corporate disputes. No party shall commence any dispute settlement proceeding, whether judicial in nature or otherwise, in relation to any dispute, unless it has first provided notice to the other parties (the "Dispute Notice") containing details of the dispute and inviting a senior officer of each of the other parties, or his authorized representative(s), to meet with its own senior officer or authorized representative(s) on a specified date, time, and, for the purpose of resolving the dispute on mutually acceptable terms venue (the "Amicable Settlement Meeting").

In the event that:

- i. any dispute remains unresolved 15 Business Days after the date of the Amicable Settlement Meeting; or
- ii. no discussions take place 15 Business Days after the receipt of the Dispute Notice.

such Dispute shall be exclusively referred to and finally resolved by arbitration in Singapore conducted in English by a single arbitrator pursuant to the rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference to this Clause.

This Clause may be amended through a separate agreement in writing by the Shareholders or Directors.

## F. Accountability and Audit

### 1. Financial Reporting

- a. The Board shall ensure that it has a timely and accurate disclosure of all material matters, including the financial condition, performance, ownership and governance of SLP.
- b. A fair and timely cost-efficient access to relevant information shall be provided to all parties having legitimate interest in the SLP. Key financial information should be readily available to shareholders, policyholders, creditors and claimants.
- c. The Board and Senior Management shall receive regulatory reports on key aspects of the operations of SLP. This shall include an analysis of premium growth, underwriting performance, investment results, claims and management and credit control, which could provide a sound basis for assessing and identifying real and potential problems by formulating appropriate policies and strategies thereof.

- d. The Board shall ensure faithful compliance with the financial and other reportorial requirements under the Insurance Code using a standard format provided by the IC.
2. Internal Control and Risk Management
- a. The Board shall ensure that an effective system of control is in place for safeguarding SLP's assets.
  - b. Major risks facing SLP which are likely to affect the performance and financial condition of SLP, including but not limited to, underwriting, reinsurance, investment, geographical, operational, legal and compliance risks, and the approach taken by Management in dealing with these risks, shall be reported to the Board to enable the latter to effectively address said risks.
  - c. The Board shall ensure that reports accurately reflect the financial condition and the results of the Company's operations.
  - d. The Board shall regularly review the system of securing adherence to key internal policies as well as to significant laws and regulations that apply to it. An effective and comprehensive internal audit of SLP's internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and Management.
  - e. The Board shall protect shareholders' value through adequate financial controls. The Board shall foster and encourage a corporate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and code of conduct.
  - f. Corporate independence shall be maintained so as not to compromise the interests of policyholders, claimants, creditors, minority shareholders and other stakeholders.
3. Related Party Transactions
- a. Overlapping interests in SLP shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.
  - b. Related-party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of SLP, its policyholders, creditors and claimants.
  - c. Related-party transactions shall be fully disclosed to the Board. Prior approval shall be obtained for related-party transactions that are material in nature.
  - d. The concerned director shall abstain from participating in the board discussion on a particular agenda when he/she is conflicted.
  - e. Loans to directors and commissioners shall either be forbidden or the Company shall ensure that the practice is being conducted at arm's length basis and at market rates.
  - f. A committee of independent directors shall conduct a review of the material or significant Related Party Transactions to determine whether the transactions are in the best interest of the Company.

#### **G. Administrative Sanctions**

- 1. To avoid non-compliance and to strictly observe the provisions of this Manual, the Board of Directors may impose appropriate sanctions, penalty or corrective measures, after due notice and hearing, on the erring directors, officers and employees.
- 2. Sanction or penalty may include censure, suspension and removal from



office depending on the gravity of the offense, the resulting damage, as well as the frequency of the violation.

3. The commission of a grave violation of this Manual by any member of the Board of Directors shall be sufficient cause for removal from directorship.

## Annex 1

### Independent Directors

#### Remuneration Policy

##### Introduction

The Company acknowledges the significant contribution that individuals, particularly the independent directors, with exceptional qualifications can make to the success of the Company. The following are the guiding principles to be used in the determination of the remuneration of the independent directors. The specific per diem rates for Independent Directors will be subject to separate approval by the shareholders at a duly constituted meeting.

##### General Principles

**1) Attracting Talent:**

To ensure the Company's continued growth and competitiveness, it is imperative to attract independent directors who bring diverse perspectives, valuable expertise, and a strong commitment to the Company's values and mission. A competitive remuneration structure plays a pivotal role in attracting top talent to the Board.

**2) Retaining Expertise:**

Retaining experienced independent directors is essential for maintaining continuity, stability, and institutional knowledge within the Board. A good remuneration structure encourages long-term engagement and commitment from independent directors.

**3) Motivating Performance:**

In addition to attracting and retaining talent, a competitive remuneration structure serves to motivate directors to perform at their best and actively contribute to the Company's strategic objectives.

**4) Fairness and Transparency:**

Balancing fairness and transparency in remuneration practices is essential to building trust and credibility with stakeholders. The Company's remuneration policies should be clear, consistent, and based on objective criteria, ensuring that directors are compensated fairly for their contributions and responsibilities. Transparent disclosure of director compensation in the Company's annual reports promotes accountability and enhances stakeholders' understanding of the Board's governance practices.

**5) Compliance with Legal Requirements:**

The Company's remuneration practices are aligned with the Revised Corporation Code of the Philippines and other relevant regulatory requirements. By adhering to legal standards and corporate best practices, the Board demonstrates its commitment to upholding ethical standards and promoting sustainable corporate governance.

Independent Directors play a critical role in providing impartial oversight and governance, ensuring that the interests of all stakeholders are represented and protected. As such, their remuneration is subject to special considerations to safeguard their independence and objectivity.

### **Per Diem Rates; Principles for Remuneration**

The Board considers various factors when establishing per diem rates for board member compensation.

These factors include, but are not limited to:

- Company size and profitability
- Industry/market standards
- Director expertise and experience
- Frequency and duration of meetings
- Nature of the meetings
- Location of the meetings

### **Separate Approval by Shareholders**

However, to further enhance their independence and maintain transparency, the specific per diem rates for Independent Directors are subject to separate approval by the shareholders at a duly constituted general meeting. This additional step serves several purposes:

- 1. Enhanced Independence:** Independent Directors are appointed to represent the interests of shareholders and act in the best interests of the company as a whole. By subjecting the actual remuneration rates to shareholder approval, the Company reinforces the independence of Independent Directors from management and ensures that their compensation aligns with shareholder expectations.
- 2. Transparency and Accountability:** Shareholder approval of Independent Directors' remuneration promotes transparency and accountability in corporate governance practices. It allows shareholders to scrutinize and evaluate the compensation of Independent Directors, fostering trust and confidence in the Board's decision-making process.
- 3. Alignment with Shareholder Interests:** Shareholder approval of Independent Directors' remuneration ensures alignment with shareholder interests and reinforces the principle of shareholder primacy. It provides shareholders with a voice in determining the compensation of some of the directors who belong to a body (i.e., the Board) collectively entrusted with the overall management of the Company.

## **Review and Disclosure**

### **1. Regular Review Process**

The Corporate Governance Committee, shall conduct regular reviews of the foregoing remuneration structure and policy for Independent Directors. These reviews will ensure that the policy remains aligned with the Company's strategic

objectives, evolving industry/market standards, and best practices in the field of corporate governance. The frequency of these reviews may vary, as needed.

## **2. Consideration of Feedback**

During the review process, the Board solicits input from various stakeholders, including shareholders, corporate governance experts, and executive management. This feedback provides valuable insight into the effectiveness and fairness of the remuneration policy, allowing for adjustments, as needed.

## **3. Disclosure Practices**

The Company is committed to maintaining a high level of transparency regarding independent director compensation. Key aspects of this remuneration policy, including per diem rates, and the rationale behind the structure, are disclosed in the Company's annual report. This comprehensive disclosure promotes transparency and stakeholder engagement, allowing shareholders and other stakeholders to gain insights into the Company's governance practices and decision-making processes. Additionally, the Company may provide additional disclosures as required by regulatory authorities or industry guidelines. “