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**JING AN**  
SPECIAL RISKS

**CORPORATE GOVERNANCE  
FRAMEWORK**

**JING AN SPECIAL RISKS INSURANCE & REINSURANCE BROKERS INC.**

August 2024

# MANUAL OF CORPORATE GOVERNANCE

## I. Introduction

This Manual on Corporate Governance contains the principles, policies and procedures of sound corporate governance, which shall be followed by the Board of Directors, Management, officers, employees and partners of JING AN SPECIAL RISKS INSURANCE AND REINSURANCE BROKERS INC. (“JASRPH” or the “Company”), as they carry out their respective duties and responsibilities. It highlights the commitment of the Board of Directors to effectively manage the Company in order to guarantee and preserve the trust and confidence of its customers and stakeholders.

This Manual shall complement the Company’s Articles of Incorporation and By-laws. This Manual has been amended pursuant to Insurance Commission Circular Letter No. 2020-71 (Revised Code of Corporate Governance for Insurance Commission Regulated Companies) and Insurance Commission Circular Letter No. 2020-72 (Annual Corporate Governance Report).

## II. Purpose

This Manual formalizes the principles of good corporate governance to be observed across all levels and segments of the Company. It seeks to strengthen corporate working and internal controls, without, in any way, stifling entrepreneurship and business judgment. It aims to safeguard, by various measures and practices, the interests of diversified stakeholders by ensuring that the duties and responsibilities of those having a significant say in the affairs of the JASRPH, are discharged with propriety, and the desired degree of accountability.

## III. Corporate Governance

The Board of Directors, headed by its Chairman, is accountable to the Company and all its stakeholders. It is therefore the Board’s primary responsibility to ensure the strategic guidance of the Company, foster its long-term success and secure its sustained competitiveness, in a manner consistent with the Company’s fiduciary responsibility. It shall likewise provide an independent oversight check on management.

### 1. Composition of the Board

The Board of Directors shall have eleven (11) members in line with the Company’s Articles of Incorporation. At least twenty percent (20%) of the Board shall be independent directors.

Independent directors shall serve for a maximum cumulative term limit of nine (9) years. Once the maximum term limit has been served, he shall be perpetually barred from any re-election as independent director. However, he may be elected as a non-independent director.

Non-executive Directors shall comprise majority of the Board of Directors, to promote independent oversight of management.

## 2. Multiple Board Seats

The Board shall adopt guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently perform his duties.

Other executive directors may be covered by lower limit for membership in other Boards. A similar limit shall apply to independent or non-executive directors, who at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to serve with diligence should not be compromised.

## 3. The Chairman of the Board of Directors and Chief Executive Officer (CEO)

- a. Considering that the insurance business is imbued with public interest, the role of the Chairman and Chief Executive Officer shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.
- b. The Chairman shall provide leadership in the Board of Directors and ensure effective functioning, including a relationship of trust with members of the Board of Directors.
- c. The Chairman shall be responsible for overall governance of the Company, with the CEO taking responsibility for the day-to-day management.

## 4. Qualification of the Board of Directors

The following qualifications shall apply prospectively. These shall not be applicable to incumbent or sitting directors at the time of approval of the Board of Directors.

A Director of JASRPH shall have the following minimum qualifications:

Qualification	Required Documentation
a. <u>Age</u>	
<ul style="list-style-type: none"> <li>▪ At least twenty-five (25) years of age at the time of his election or appointment</li> <li>▪ Not more than eighty (80) years old, at the time of election or appointment, unless otherwise found fit to continue serving as such by Securities and Exchange Commission (“SEC”) or the Insurance Commission (“IC”)</li> </ul>	<ul style="list-style-type: none"> <li>– Birth Certificate</li> <li>– Certification from the SEC or IC, as may be applicable</li> </ul>

Qualification	Required Documentation
<p>b. <u>Educational Background</u></p> <ul style="list-style-type: none"> <li>▪ A bachelor's degree in business administration, finance, economics, or a related field from a reputable university</li> <li>▪ Preferably, an advanced degree such as a Master of Business Administration (MBA), Master of Finance, or Juris Doctor (JD)</li> </ul>	<ul style="list-style-type: none"> <li>– Diploma/s</li> <li>– Transcript of Records</li> <li>– Certificate of Membership in the Philippine Bar</li> <li>– Clearance from the Office the Bar Confidant of the Supreme Court</li> </ul>
<p>c. <u>Professional Experience</u></p> <ul style="list-style-type: none"> <li>▪ A minimum of five (5) years of relevant experience in the insurance industry or related industries</li> <li>▪ Prior experience serving on the Board of Directors or in a senior executive role in a reputable insurance company, financial institution, or other related industries</li> </ul>	<ul style="list-style-type: none"> <li>– Curriculum vitae</li> <li>– Certificate of Employment</li> <li>– At least three (3) Professional References</li> </ul>
<p>d. <u>Professional Training and Development</u></p> <ul style="list-style-type: none"> <li>▪ Attended seminars on corporate governance for Directors conducted or accredited by SEC or IC, as may be applicable</li> </ul>	<ul style="list-style-type: none"> <li>– List of Seminars Attended</li> <li>– Certificates of Attendance</li> </ul>
<p>e. <u>Membership in a Business or Professional Organization</u></p> <ul style="list-style-type: none"> <li>▪ Membership in good standing and active participation in a relevant industry-wide business or professional organization</li> </ul>	<ul style="list-style-type: none"> <li>– Certificate of Membership in Good Standing</li> </ul>

f. <b>Qualification</b> <u>Good Moral Character</u>	<b>Required Documentation</b>
<ul style="list-style-type: none"> <li>▪ Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions</li> </ul>	<ul style="list-style-type: none"> <li>– National Bureau of Investigation Clearance</li> <li>– Certification - No Pending Case</li> <li>– Sandiganbayan/Ombudsman Clearances</li> <li>– Civil Service Commission Clearance</li> <li>– Integrated Bar of the Philippines Certification</li> <li>– Consent to undergo Background Check</li> <li>– Consent to undergo checking against the Negative File Information System (Must have no adverse findings in the Negative File Information System)</li> <li>– At least three (3) Recommendation Letters from Distinguished Members of the Insurance Industry or other Related Industries</li> </ul>
g. <u>Physical and Mental Fitness</u>	
<ul style="list-style-type: none"> <li>▪ Physically and mentally fit to perform his functions</li> </ul>	<ul style="list-style-type: none"> <li>– Medical Examination</li> <li>– Physician's Certification – Fitness to Serve as a Director</li> </ul>
h. <u>Absence of Conflict of Interest</u>	
<ul style="list-style-type: none"> <li>▪ Possesses sufficient time to fully carry out his responsibilities as a director</li> <li>▪ Does not possess any significant financial interest in conflict with the Company</li> </ul>	<ul style="list-style-type: none"> <li>– Disclosure Statement of Significant Financial and/or Time Commitment Interests</li> </ul>

A director-candidate has the burden to prove that he possesses all the foregoing minimum qualifications and none of the disqualifications prescribed in the Manual of Corporate Governance. Unless otherwise provided, originals of the required documentation should be submitted.

In addition, directors of the Company must satisfy the requirements set forth in the Revised Corporation Code, Insurance Code, as amended and other relevant laws as well as issuances of the Insurance Commission particularly on corporate governance.

## **5. Disqualification of Board of Directors and Officers**

### **a. Permanent Disqualification**

The following shall be ground for the permanent disqualification of directors and officers:

- i. Persons who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft;
- ii. Persons who have been convicted by final judgment of the court for violation of insurance laws;
- iii. Persons who have been judicially, declared insolvent, spendthrift or unable to enter into a contract; or
- iv. Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

### **b. Temporary Disqualification**

The Board may provide for the temporary disqualification of a director or officer for any of the following reasons:

- i. Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as the refusal persists;
- ii. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special of the Board of Directors during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;
- iii. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;

- iv. Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
- v. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification of the Insurance Commission;
- vi. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
- vii. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- viii. Those under preventive suspension;
- ix. Persons with derogatory records with the NBI, court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- x. Persons who are delinquent in the payment of their obligations as defined hereunder:
  - a) Delinquency in the payment of obligations means that obligations of a person with the insurance company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
  - b) Obligations shall include all borrowings from an insurance company, or its related companies obtained by:
    - i) A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorsers, or surety for loans from such institutions;
    - ii) The spouse or child under the parental authority of the director or officer;
    - iii) Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officer;
    - iv) A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and

- v) A corporation, association or firm wholly owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items i, ii, and iv.

This disqualification should be in effect as long as the delinquency persists.

## **6. Responsibilities, Duties and Functions of the Board**

### **a. General Responsibilities**

The Board of Directors is responsible for approving and overseeing the implementation of JASRPH's broad strategic plans and objectives, its risk appetite and strategy and its corporate values. It is the Board's primary responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability, in a manner consistent with its corporate objectives and the best interests of its stakeholders.

The Board shall formulate the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities.

### **b. Specific Duties and Responsibilities**

The Board of Directors has the fiduciary responsibility to the Company and all its shareholders. It shall approve and oversee the implementation of strategies to achieve corporate objectives. It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall approve the selection of key members of senior management and monitor and oversee the Company's performance as management implements the day to day affairs.

To ensure a high quality standard of best practice for the corporation, the Board shall perform the following duties and responsibilities:

- i. To define the Company's Corporate Culture and Values

It shall establish and oversee a Code of Conduct and Ethical Standards in the Company to ensure that the business is being properly managed and dealings with policyholders, claimants and creditors are fair and equitable, and shall institutionalize a system that will allow reporting of concerns or violations to an appropriate body. In this regard, the Board of Directors shall:

- a. Approve a Code of Conduct or Ethics, which shall articulate acceptable and unacceptable activities, transactions and behaviors that could result in conflict of interest, and corresponding disciplinary actions and sanctions. The code of conduct shall provide that directors, officers, and all personnel will conduct themselves ethically and perform their jobs with skill and diligence and comply with laws, regulations and Company policies;



- b. Oversee the independence and effectiveness of Company's policies and procedures for whistle blowing. It shall allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the Board of Directors or to any independent unit. Policies shall be set on how concerns shall be investigated and addressed by an internal control function, senior management or the Board of Directors itself. It shall prevent the use of the facilities of the Company in doing criminal and other illegal activities, such as money laundering, fraud, bribery or corruption.
- ii. To approve the Company's Objectives and Strategies in its Operating Plan and to oversee Management's implementation thereof.

In this regard, the Board of Directors shall:

- a. Ensure that the Company has beneficial impact on the country's economy. It shall do this by continuously providing quality products and services supportive of the national economy;
- b. Approve the Company's strategic objectives, key result areas and action plans. These shall take into account the Company's long- term financial interests, its level of risk tolerance, its principal business risks;

In this respect, the Board of Directors shall establish a system for measuring and monitoring performance against plans;

- c. Approve and oversee the implementation of policies governing core areas of operations, particularly in underwriting, investments, reinsurance and claims management. The Board shall regularly review these policies, as well as evaluate control functions with senior management to proactively determine areas for improvement.
- iii. To select and appoint key members of senior management and heads of control functions and for the approval of sound remuneration and other incentives policies for personnel.

In this regard, the Board of Directors shall:

- a. Oversee selection of the Chief Executive Officer (CEO) and other key management personnel who shall be selected on the basis of their proven integrity as well as skills, knowledge, technical expertise, and experience in insurance, finance, economics, law or other related financial fields.
- b. Approve and oversee the implementation of performance standards as well as remuneration and other incentives policy. The policy should be consistent

with the long-term strategic objectives and financial soundness of the Company and should promote good performance, convey acceptable risk-taking and reinforce the Company's culture;

- c. Oversee the performance of senior management:
  - i. The Board of Directors shall regularly monitor and assess the performance of the management team based on approved performance standards;
  - ii. The Board of Directors shall regularly meet with senior management to engage in discussions, questions, and critically review the reports and information provided by the management team,
  - iii. The Board of Directors shall assess the succession planning for the CEO, and other critical positions. In this regard, the Board of Directors shall establish an effective Succession Planning Program. The program should include a system for identifying and developing potential successors for critical positions;
  - iv. The Board of Directors shall ensure that employee pension funds are fully funded or the corresponding liability appropriately recognized in the books of the Company at all times, and transactions involving the pension fund are conducted totally at arm's length terms.
- iv. To approve and oversee the implementation of the Company's Corporate Governance Framework.

In this regard, the Board of Directors shall:

- a. Define the appropriate governance structure and practices, and ensure that such practices are followed and periodically reviewed:
  - i. The Board of Directors shall promote efficiency, critical discussion of issues, and thorough review of critical matters.
  - ii. The Board of Directors shall create committees to promote efficiency and allow sharper focus on specific areas. The number and nature of Board-level committees shall depend on the present size of the Company and the Board, the complexity of current operations;
  - iii. The Board of Directors shall periodically assess the structure, size and composition of the Board and Board-level committees to make sure that it has balanced membership. Towards this end, a system

and procedure for evaluating the structure, size and composition of the Board shall be adopted, which will include benchmarking and peer group analysis.

- iv. The Board of Directors shall adopt policies aimed at ensuring that its members are able to effectively discharging their responsibilities. It shall include policy on the number of directorship positions and other professional commitments that a director may hold, which should be commensurate with the duties and responsibilities placed on the director, as well as the nature, scale and complexity of the Company's current operations;
  - v. The Board of Directors shall receive regular reports on key aspects of the operations of the company. This shall include but may not be limited an analysis of premium growth, underwriting performance, investment results, claims 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.
  - vi. The Board of Directors shall ensure that adequate, correct and timely information, such as financial condition, company performance, and risk exposures are readily available to shareholders, policyholders, creditors and claimants.
  - vii. The Board of Directors shall appraise at least annually, its performance and effectiveness as a body, the individual directors as well as its various committees, the CEO, CEO, and the Company itself. This may be facilitated by the Corporate Governance Committee or external facilitators. This exercise shall assess the suitability of each Board member by taking into account his or her performance in the Board and Board-level committees; and
  - viii. The Board of Directors, through the office of the Corporate Secretary, shall maintain records, such as meeting minutes, summaries of matters taken, recommendations made, and decisions resolved.
- b. Develop remuneration and other incentives policies for directors, which shall then be submitted for approval to the stockholders. The Board of Directors shall ensure that the policy is consistent with the long-term interest of the Company, does not encourage excessive risk-taking, and is not in conflict with the director's fiduciary responsibilities;
  - c. Adopt a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power;

- d. Maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities. The Board of Directors shall likewise ensure that the Company's organizational structure promotes prompt and efficient decision-making and effective corporate governance. This includes clear definition and delineation of the lines of responsibility and accountability;
- e. Approve an overarching policy on the handling of Related Party Transactions (RPTs) to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged.
- f. Define an appropriate corporate governance framework for group structures, which shall facilitate effective oversight over entities in the group. The Board of Directors of the parent company shall ensure consistent adoption of corporate governance policies and systems across the group.
  - i. The Board of Directors shall define and approve appropriate governance policies, practices and structure that will enable effective oversight of the entire group, taking into account nature and complexity of operations, size and the types of risks to which the Company and its subsidiaries are exposed. The Board of Directors shall also establish means to ensure that such policies, practices and systems remain appropriate in light of the growth, increased complexity and geographical expansion of the group. Further, it shall ensure that the policies include the commitment from the entities in the group. Further, it shall ensure that the policies include the commitment from the entities in the group to meet all governance requirements;
  - ii. The Board of Directors shall define the risk appetite for the group, which shall be linked to the process of determining the adequacy of capital of the group;
  - iii. The Board of Directors shall ensure that adequate resources are available for all the entities in the group to effectively implement and meet the governance policies, practices and systems;
  - iv. The Board of Directors shall define and approve policies and clear strategies for the establishment of new structures;
  - v. The Board of Directors shall understand the roles, the relationships or interactions of each entity in the group with one another and with the parent company. The Board of Directors shall understand the legal and operational implications of the group structure and how the various types of risk exposures affect the group's capital, risk profile and funding under normal and contingent circumstances.

The Board of Directors shall ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intra- group conflicts of interest, such as those arising from intra-group transactions;

- vi. The Board of Directors shall develop sound and effective systems generation and sharing of information within the group, management of risks and effective supervision of the group; and
  - vii. The Board of director shall require the risk management, compliance function and internal audit group to conduct a periodic formal review of the group structure, their controls and activities to assess consistency with the Board of director approved policies, practices and strategies and to require said groups to report the results of their assessment directly to the Board of Directors.
- v. The Board of Directors shall be responsible for approving Company's risk governance framework and overseeing management's implementation thereof.

In this regard, the Board of Directors shall:

- a. It shall oversee the development of, approve, and provide oversight in the implementation of risk management policies, procedures and systems to specifically manage the strategic, operational, underwriting, reinsurance, investments, financial and regulatory compliance risks of the company.
  - b. It shall define the Company's risk appetite. In setting the risk appetite, the Board of Directors shall take into account the business environment, regulatory landscape, and the Company's long-term interests and ability to manage risk
  - c. Approve and oversee adherence to the risk policy, and risk limits;
- vi. Establishment of a comprehensive and effective operational risk management framework as part of the enterprise-wide risk management system.

In this regard, the Board of Directors shall:

- i) Ensure that it is aware of and understands the nature and complexity of the major operational risks in JASRPH's business and operating environment, including risks arising from transactions or relationships with third parties, vendors, suppliers, including outsourced service providers, and clients of services provided. This should include understanding of both the financial and nonfinancial impact of operational risk to which the Company is exposed to;

- ii) Approve the operational risk management framework which shall form part of the Company's enterprise-wide risk management system and shall cover all business lines and functions of the JASRPH. The operational risk management framework should include an enterprise-wide definition of operational risk, including the roles and responsibilities of all personnel, feedback mechanism, as well as standards and tools for operational risk management. In this respect, the Board shall:
- iii) Provide adequate oversight on all outsourcing activities and ensure effective management of risks arising from these activities. In this regard, the Board of Directors shall approve a framework governing outsourcing activities, which includes a system to evaluate the risk and materiality of all existing and prospective outsourcing engagements and the policies that apply to such arrangements;
- iv) The Board should likewise institute tools, methodologies, and practices in order to ensure compliance and adherence to the standards by all employees including senior officers and the Board itself. In this regard, employees should be required to acknowledge in writing that they have read, understood, and will observe the code of conduct;
- v) Ensure that business and risk management activities, including the operational risk management function, are carried out by adequate and qualified staff with the necessary experience, technical capabilities, and competence. Moreover, the Board shall ensure that employees and officers in all areas of operations have a high degree of integrity.

For this purpose, the Board shall approve appropriate hiring and selection policies and processes, adopt a continuing professional development program, and institutionalize a framework for continuing assessments of fitness and propriety of employees. These policies, processes and programs should reinforce the conduct and values being promoted in the organization.

Further, the Board shall oversee the design and implementation of remuneration policies. It shall ensure that the remuneration policies do not encourage excessive risk-taking or provide incentives to people to perform contrary to the desired risk management values. It shall also ensure that remuneration policies are appropriate and aligned with JASRPH's long-term strategic direction and risk appetite, as well as with relevant legal or regulatory requirements;

- vi) Ensure that all units in the organization have adequate resources, including personnel complement, and are supported by appropriate technological systems. The use of technological systems must be commensurate to the activities being undertaken; and
- vii) Oversee implementation of a sound business continuity management framework. The Board should create and promote an organizational culture

that places high priority on business continuity. This shall include providing sufficient financial and human resources associated with the business continuity initiative.

- vii. The Board shall ensure faithful compliance with the financial and other reportorial requirements under the Insurance Code using a standard format provided by the Insurance Commission.

## **7. Duties and Responsibilities of the Chairman**

The Chairman shall:

- a. Ensure that the meeting agenda focuses mainly on strategic matters, including discussion on risk appetites of the Company, considering the developments in the business and regulatory environments and key governance concerns;
- b. Ensure sound decision-making process;
- c. Encourage and promote critical discussion and ensure that dissenting views are expressed and discussed;
- d. Ensure that proper orientation is conducted for new directors and that proper training is provided for all directors; and
- e. Conduct performance evaluation of the Board of Directors at least once a year.

## **8. Duties and Responsibilities of Directors**

A director assumes responsibilities to different stakeholders i.e. the Company, its policyholders and creditors, its management, employees and sales force, the Insurance Commission and other government regulators, and the public at large.

A director has the following specific duties and responsibilities:

- a. To remain fit and proper for the position for the duration of his term

A director should possess high credibility to make decisions objectively. He shall treat Board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance.

- b. To conduct fair business transactions with the Company and to ensure that personal interest does not interfere with Board decisions.

A director should avoid situations that would give rise to a conflict of interest. If transactions with the institution cannot be avoided, it should be done in the regular course of business upon term not less favorable to the institution than those offered to others.

- c. To act honestly and in good faith, in the best interest of the Company, its stockholders and other stakeholders such as its policyholders, investors, borrowers, other clients and the general public.

A director should devote sufficient time to familiarize him/herself with the institution's business. He/she must be constantly aware of the Company's condition and contribute to the Board's work. He must actively participate in Board and committee meetings.

- d. To act judiciously.

A director should thoroughly study and evaluate important issues raised before the Board; he/she should probe, ask questions and seek clarifications before deciding or giving approval on any matter.

- e. To contribute actively to the decision-making process of the Board

A director should avidly participate and exercise independent judgment on matters requiring the decision or approval of the Board. He should actively support plans, ideas and programs that will be beneficial to the Company.

- f. To have a working knowledge of the statutory and regulatory requirements affecting the Company and the industry, including the content of its articles of incorporation and by-laws, the requirements of the Insurance Commission and other regulatory agencies.

A director should also be well-informed of industry developments and business trends in order to provide insights that will redound to the improvement of the Company's industry position and competitiveness.

- g. To observe confidentiality

A director must observe the confidentiality of sensitive information that are not for public consumption and are acquired by reason of their position as directors. He must not disclose said information to any other person without the authority of the Board.

## **9. Internal Control Responsibilities of the Board**

The control environment of the Company consists of: (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) a management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting system; and (d) an independent audit mechanism to monitor adequacy and effectiveness of the Company's governance, operations, and information system.

The control environment should ensure the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with the Insurance Code, including systems for other applicable laws, rules, directives, regulations and contracts, and guidelines.



- a. The minimum internal control mechanism for the performance of the Board's oversight responsibilities include:
  - i. Definition of the duties and responsibilities of the Chief Executive Officer (CEO) who is ultimately accountable for the Company's organizational and operational controls;
  - ii. Selection process of the person who possess the ability, integrity and expertise essential for the position of CEO;
  - iii. Evaluation of top management appointees;
  - iv. Selection and appointment of qualified and competent management officers; and,
  - v. Review of the Company's human resources policies, compensation program for employees, and management succession planning.
- b. The Company shall establish an internal audit system that will assure the stockholders, the Board, and the management team that organizational and operational controls are strictly complied with. In this regard, the Board shall appoint an Internal Auditor who shall head an internal audit unit that will be responsible for this function. The Internal Auditor and his/her team shall report directly to the Board and the Board-level Audit and Legal Committee.

## **10. Election**

- a. It is the Board's responsibility to nominate directors. The Board will nominate a slate, which will include individuals who have diverse talents, background and perspectives, and who can work effectively as a team, with each one able and willing to add value and contribute meaningfully to Board decisions.
- b. Each director should represent the interest of the company as a whole and should be in a position to participate independently and objectively.
- c. The Board shall ensure that election practices are reviewed and, if needed, amended to correct practices that bring factionalism and partisanship within the Board.
- d. The nomination and election process shall be governed by the Board's Nomination Committee Charter.

## **11. Orientation and Training**

- a. The Company shall provide for a complete orientation process for new directors prior to full assumption of duties. The orientation program shall cover, among others, Insurance Commission-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct, and other relevant topics.

- b. The Board of Directors shall undergo an annual continuing training program to ensure that directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It shall involve courses on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability, strategy and other Insurance Commission-mandated topics.

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

- a. Board meetings shall be held, as much as possible, on a monthly basis, and at the very least on a quarterly basis, to enable directors to discharge their responsibilities properly.
- b. The members of the Board should attend its regular and special meetings in person or through remote communication conducted in accordance with the rules and regulations of the Securities and Exchange Commission.
- c. Directors shall rigorously prepare for Board meetings so that they can devote their undivided attention and actively participate in meetings.

## **13. Access to Senior Management and Information**

- a. The Board shall have access to senior management.
- b. The Board of Directors shall be given sufficient information about the Company's operations, in order for them to fully exercise their governance functions. The Board shall have reasonably free and full access to all relevant information, data records, properties and personnel.

## **14. Remuneration of Board of Directors and Officers**

- a. The Board shall set levels of compensation for the Company sufficient and competitive enough to attract and retain the services of qualified and competent directors and officers.
- b. A portion of the remuneration of executive directors may be structured or be based on the Company's and individual performance.
- c. The Company shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers, depending on the particular needs of the Company. No director shall participate in deciding on his/her remuneration.
- d. Benefits in kind may be provided, the coverage of which shall vary depending on whether the Board member is an executive director or a non-executive director.

- e. The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid to its directors.
- f. To protect the funds of the Company, the Insurance Commission may, in exceptional cases, e.g. when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

## **15. Performance Evaluation**

- a. The Board of Directors through the Corporate Governance Committee shall implement the Annual Corporate Governance Report for evaluating performance and effectiveness of the Board as a body, as well as its various committees and the Company itself.
- b. The Board shall also establish and maintain an annual review process by which it can be evaluate the CEO's performance in executive sessions. A subsequent dialogue with the CEO shall be conducted.

## **16. Board Committees**

The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and to aid in good governance. The Board shall be supported by the following committees which shall be governed by their respective Charters.

### **a. Executive Committee**

The Executive Committee, in accordance with the authority granted by the Board, shall be responsible for the general supervision, administration, and management of JASRPH. The Executive Committee serves as an extension of the Board and shall act on its behalf when the Board cannot hold meetings.

The Executive Committee is authorized by the Board of Directors to assist the Board in the general supervision, administration and management of the affairs of JASRPH and shall exercise such authority and perform such functions as are delegated to it by the Board of Directors in a manner characterized by transparency, accountability and fairness.

### **b. Corporate Governance Committee**

The Committee is appointed by the Board to assist in the development and fulfillment its corporate governance responsibilities.

The Committee shall ensure that the principles of good corporate governance - transparency, accountability and fairness govern the conduct of business of JASRPH and the JASRPH Group. It shall ensure the Board's effectiveness and due observance of corporate governance principles,

guidelines and responsibilities as well as in building a strong culture of excellence and compliance, professionalism, efficiency, integrity and customer focus in JASRPH.

**c. Risk Oversight Committee**

The Committee shall be responsible for the development and oversight of the risk management program of JASRPH and its subsidiaries.

The Committee shall provide advice to and assist the Board in determining the company's Risk Appetite, including the Risk Appetite Statement, Risk Principles and Risk Tolerances, and ensure that the company establishes an effective Risk Management Framework, and that sufficient resources are in place for effective risk management.

**d. Audit Committee**

The purpose of the Committee shall be to oversee that the auditing, accounting, financial management principles and practices are in line with international and Philippine best practices and conform to all legislative and regulatory requirements

**e. Legal Oversight Committee**

The purpose of the Committee shall be to recommend to the Board policies and guidelines including the adoption of legal strategies in important legal issues or matters having legal implications, as well as cases for or against JASRPH.

The Committee shall exercise oversight function in the monitoring, supervision and handling of legal issues and cases by JASRPH's external counsels as well as internal lawyers.

**f. Nomination Committee**

The Committee is a standing committee of the Board of JASRPH whose primary function is to assist the Board in nominating and appointing directors and other Board-level personnel, as well as the appointment and promotion of senior officers with the rank of Vice-President and up, and heads of divisions and departments.

**g. Compensation and Remuneration Committee**

The Committee is appointed by the Board to assist the Board in fulfilling its responsibilities related to the development of criteria and goals for JASRPH's compensation and benefits policy.

The Committee shall review, evaluate and recommend to the Board the benefits plans and compensation policy for JASRPH.

**h. Related Party Transactions Committee**

The Committee shall primarily assist the Board in fulfilling its oversight responsibility of ensuring

that JASRPH's direct and indirect transactions with Related Parties are handled in a sound and

prudent manner, at arm's-length basis, and with transparency and integrity, and in compliance with applicable laws and regulations to protect the interest of all stakeholders.

**a. Subsidiaries and Investments Oversight Committee**

The Subsidiaries and Investments Oversight Committee shall exercise oversight over the programs, policies and practices developed and implemented at each wholly owned subsidiary of JASRPH. The Committee's role is one of oversight, recognizing that JASRPH is responsible for continuously supporting its subsidiaries.

**17. The Corporate Secretary**

The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines. The Corporate Secretary shall perform the following functions:

- a. Be 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;
- b. Be loyal to the mission, vision and objectives of the Company;
- c. Work fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- d. Have appropriate administrative and interpersonal skills;
- e. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise;
- f. Advises on the establishment of Board committees and their terms of reference;
- g. Have a working knowledge of the operations of the Company;
- h. Inform 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;
- i. Attend all Board meetings, except when justifiable causes such as, illness, death in the immediate family and serious accidents, prevent him from doing so; and,
- j. Ensure that all Board procedures, rules and regulations are strictly followed by the members.

- k. Perform required administrative functions;
- l. Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- m. Perform such other duties and responsibilities as may be provided by the Insurance Commission.

#### **IV. Qualifications and Duties of Company Officers**

##### **a. Qualifications of Company Officer**

- i. The educational attainment and years of experience in life insurance and related fields in the financial industry, should fit the profile prescribed by the Human Resources Division for the particular position.
- ii. He must be deemed fit and proper as determined by interview and background investigation. In determining whether a person is fit and proper for a particular position, the following matters must be considered: integrity, probity and possession of competencies relevant to the function such as knowledge, skills and diligence.

In assessing an officer's integrity/ probity, consideration shall be given to the officer's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.

An appointed officer has the burden to prove that he/she possesses all the foregoing minimum qualifications and none of the disqualifications by submitting the needed documentary requirements. Non-submission of complete documentary requirements within the prescribed period shall be construed as his/her failure to establish his/her qualifications for the position and results to his/her removal.

##### **b. Duties and Responsibilities of a Company Officer**

The following are the duties and responsibilities of a Company officer:

- i. To set the tone of good governance from the top.  
  
Company officers shall promote the good governance practices within the Company by ensuring that policies on governance as approved by the Board of Directors are consistently adopted across the Company.
- ii. To oversee the day-to-day management of the Company  
  
Company officers shall ensure that Company's activities and operations are

consistent with the Company's strategic objectives, risk strategy, corporate values and policies as approved by the Board of Directors. They shall establish a Company-wide management system characterized by strategically aligned and mutually reinforce performance standard across the organization.

- iii. To ensure that duties are effectively delegated to the staff and to establish a management structure that promotes accountability and transparency

Company officers shall establish measurable standards, initiatives, and specific responsibilities and accountabilities for each Company personnel. Company officers shall oversee the performance of these delegated duties and responsibilities and shall ultimately be responsible to the Board of Directors for the performance of the Company.

- iv. To promote and strengthen checks and balances systems in the Company

Company officers shall promote sound internal controls and avoid activities that shall compromise the effective dispense of their functions. Further, they shall ensure that they give due recognition to the importance of the internal audit, compliance and external audit functions.

## **V. The Company's Compliance System**

### **a. The Compliance Function**

Compliance is a collective and shared responsibility of everyone, from its Board of Directors, to management, and to the employees. The main goal of the compliance function is to ensure that business operations are conducted in accordance with laws, regulations, and rules, codes of conduct, sound policies and standards of good practice. It is the direct responsibility of each line manager.

The Compliance Function shall be the responsibility of the Company's Risk Management and Compliance Division and governed by its Charter.

### **b. The Chief Compliance Officer**

The Board shall appoint a Chief Compliance Officer who shall hold the position of at least Vice President or its equivalent. The Compliance Officer is a member of the Company's management team in charge of the compliance function.

The Chief Compliance Officer shall have the following duties and responsibilities:

- i. Ensures proper onboarding of new directors;
- ii. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, the Revised Code of Corporate Governance, rules and regulations and all governance issuances of regulatory agencies;
- iii. To ensure that duties are effectively delegated to the staff and to establish an

imposition appropriate disciplinary action;

- i. Ensures the integrity and accuracy of all documentary submissions to regulators;
- ii. Appears before the Insurance Commission when summoned in relation to compliance with the Revised Code of Corporate Governance;

## **VI. The Company's Risk Management System**

### **a. Risk Management Function**

The Company considers the understanding and the management of risk as a key part of its business strategy. The Risk Management Function shall be the responsibility of the Company's Risk Management and Compliance Division and shall be governed by its Charter. It implements the risk management directives of the Board and the Board Risk Oversight Committee.

### **b. The Chief Risk Officer (CRO)**

The Chief Risk Officer shall have sufficient stature, authority, and seniority within the Company. This will be assessed based on the ability of the CRO to influence decisions that affect the Company's exposure to the risk. The CRO shall have the ability to, without compromising his independence, to engage in discussions with the Board of Director, Chief Executive Officer, the President and other senior management on key risk issues and to access such information as he deems necessary to form his or her judgment.

The Chief Risk Officer shall have the following duties and responsibilities:

- i. Supervises the entire Enterprise Risk Management (ERM) process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- ii. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- iii. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- iv. Suggests ERM policies and related guidance, as may be needed; and e. Provides insights on the following:
  - a) Risk management processes are performing as intended;
  - b) Risk measures reported are continuously reviewed by risk owners for effectiveness; and
  - c) Established risk policies and procedures are being complied with.
- v. Ensures the integrity and accuracy of all documentary submissions to regulators;
- vi. Appears before the Insurance Commission when summoned in relation to compliance



with the Revised Code of Corporate Governance.

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- iv. Suggests ERM policies and related guidance, as may be needed; and e. Provides insights on the following:
  - a) Risk management processes are performing as intended;
  - b) Risk measures reported are continuously reviewed by risk owners for effectiveness; and
  - c) Established risk policies and procedures are being complied with.

## **VIII. The Company's Code of Conduct and Ethical Standard**

The Board shall adopt a code of conduct of ethical behaviors with corresponding disciplinary actions for non-compliance; it shall ensure that business and risk management activities, including the operational risk management function, are carried out by adequate and qualified staff with necessary experience, technical capabilities, and competence; it shall oversee the design and implementation of remuneration policies; it shall ensure that all units in the organization have adequate resources; and the Board shall oversee implementation of a sound business continuity management framework.

## **IX. The Company's Code of Discipline**

The business of life insurance is built on trust and confidence. To inspire such trust and confidence in customers would require a commitment from each and every staff member to adhere to high standards of personal integrity and professional conduct. The code of discipline was designed to maintain, if not enhance further the noble attributes. Application of this code could result in administrative impositions. But this should be viewed as having been made for the interest of both the Company and its personnel. The clear objective is to improve the service and make the one concerned a better member of the society.

## **X. Related Party Transactions**

The Board of Directors of JASRPH recognizes that certain transactions involving Related Parties present a heightened risk of conflicts of interests or the perception thereof. To ensure that related Party Transactions are entered into on an arm's length basis and are consistent with the Company's and its stakeholders' best interest, the Board has created the Related Party Transactions Committee that is tasked to vet all Related Party Transactions within the threshold set in the Policy on Related Party Transactions.

The duties and responsibilities of the Related Party Transactions Committee are discussed in the Related Party Transactions Committee Charter. The definition of Related Parties and the guidelines in handling related party transactions are discussed in the Operating Policies and Procedures on Related Party Transactions.

## **XI. Accountability and Audit**

The Board shall foster and encourage a corporate environment of strong internal controls, fiscal, accountability, high ethical standards and compliance with the law and Code of Conduct. The Board has the special duty to its shareholders of presenting a balanced and understandable assessment of the Company's performance and position on a quarterly basis including interim and other reports that could adversely affect the business, as well as reports to regulators that are required by law.

The Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders and other stockholders.

**a. Financial Reporting and Literacy**

- i. It is essential that all material information about the Company which could adversely affect its viability or the interests of the stakeholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.
- ii. The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.
- iii. The Board shall accurately disclose to its acknowledged publics all material information, to include its financial situation, performance ownership, the Company' governance practices.
- iv. This disclosure will include any material, foreseeable risks for the Company.
- v. All parties with a legitimate interest in the Company shall be given fair, timely and cost efficient to relevant information.

**b. Internal Control**

- i. The Board shall be responsible for ensuring that an adequate and effective system of controls is in place for safeguarding the Company's/client assets.
- ii. The Board shall manage the major risks – as defined in the Company's manual of operations and risk management – faced by the Company.
- iii. It will ensure that reports accurately reflect the financial condition of the Company and the results of its operations.

**c. Accounting Standards**

The Board should ascertain for itself that financial information is being prepared, disclosed and audited in accordance with high quality standards of accounting, financial and non-financial disclosure and audit.

**d. Auditor Independence**

The Board shall engage the services of an external auditor who will regularly conduct independent audit and provide objective assurance on the manner by which financial statements are being prepared and presented.

#### **e. Auditor Removal**

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Company's Annual Corporate Governance Report and the Company's website.

#### **f. Stockholders' Right and Protection of Minority Stockholders' Interest**

The disclosure shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.

- i. The Board shall respect the rights of the stockholders as provided for in the Revised Corporation Code, namely:
  - a. Right to vote on all matters that requires their consent or approval;
  - b. Pre-emptive to all stocks issuances of the Company;
  - c. Right to inspect Company books and records;
  - d. Right to information;
  - e. Right to dividends; and
  - f. Appraisal right
- ii. The Board is transparent and fair in the conduct of the annual and special stockholders' meeting of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.
- iii. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.
- iv. The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

- v. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

**g. Alternative Dispute**

The Company adopts the rules and procedures set forth under Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, as an alternative means to settle disputes with a view towards preventing excessive litigation.

**h. Stakeholders**

- i. The Board shall identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.
- ii. The Board shall recognize the rights of the stakeholders as establishes by law and shall encourage active cooperation with them in promoting the sustainability of financially sound, as well as socially responsible, endeavors.
- iii. The Board shall require the Company's stockholder to confirm by majority vote, in the annual stockholder's meeting, the Company's significant transactions with its DOSRI and other related parties.

**XII. Policy Administration**

This Manual shall be administered by the Legal and Corporate Secretary's Office with the Board of Directors exercising oversight and guidance on how the provisions of this Manual shall be applied. This Manual shall be reviewed every three (3) years to ensure that it is aligned with the laws, rules and regulations of the regulators, and the best corporate governance practices.