

THE PHILAM GROUP

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

REPORT 2020



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Health and Wellness

ALMOST PHP 112 BILLION
in total sum assured coverage provided (includes life, critical illness and medical)



OVER 1,000,000
individual policies issued to 1,000,000 customers



ALMOST 1,000,000
participating members of group insurance schemes



OVER 100,000
in benefit payments made in 2020



ALMOST PHP 9 BILLION
in benefits and claims paid out

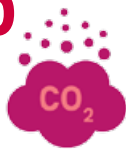


PHP 11.4 MILLION
contributed to our communities




Green Operations


Greenhouse gas emissions at **1,632.16 TONS** or 1.65 tons per employee



Energy use at **2,124.67 KWH PER EMPLOYEE**



Paper usage: **OVER 60%** of buy, service and claims transactions were submitted digitally, reducing need for paper



96% reduction in paper use with the utilization of electronic receipts

Sustainable Investment


PHP 1.5 BILLION invested in renewable energy

PHP 1.1 BILLION invested in green bonds



People and Culture

60% of middle and senior management combined are women



3 CONSECUTIVE YEARS recognized as one of the Best Companies to Work for in Asia by HR Asia



Effective Governance

ALL MEMBERS of the Audit and Related Party Transactions (RPT) Committee are Independent Directors



Each of the three committees — Audit and RPT, Board Risk and Corporate Governance Committees — is chaired by an **INDEPENDENT DIRECTOR**



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Chairman's Statement

Towards a sustainable future

It is my honor to present the Philam Group's first Environmental, Social and Governance (ESG) Report.

The Philam Group, by virtue of AIA Philam Life's founding in 1947, has been in operation for more than seventy years. As an established name in the Philippine life insurance industry, we built our reputation on strength and reliability. We

earned our stakeholders' trust and confidence by delivering on our commitment, especially during times when we are needed most.

Through the years, our commitment to effective corporate governance and risk management guided the conduct of our business and enabled us to remain resilient especially during these difficult times. The presence of Independent Directors in our various Boards ensures balance, objectivity and impartiality. At the same time, the strong Governance, Risk and Compliance culture lives in each and every employee, and has become second nature to everyone within the Philam Group.

Today, this commitment is embodied in this dedicated

ESG report, which will bring us in alignment with our parent company, AIA Group, and will be released annually in addition to our Corporate Annual Report.

The huge protection gap and low insurance penetration rate continue to drive the Philam Group to work harder, more so in the context of the ongoing pandemic. In this landscape of continued uncertainty are opportunities for us to help Filipinos meet their protection and long-term savings needs. By protecting our customers while helping them on their journey to become healthier, we are providing them the best service today and for the future.

As we embark on another year, we are confident that we are well-equipped for a sustainable future as we bring to life our Purpose of helping Filipinos live Healthier, Longer and Better Lives.



Jacky Chan

Chairman of the Board
AIA Philam Life and
BPI-Philam Life

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Statement from the AIA Philam Life Chief Executive Officer

A time to come together

The year has been a time of disruption. For our organization, it became a time to swiftly transform, to become better, and bring out the best in our companies and our people.

How we achieved so much in this difficult year brings me pride and gratitude: pride in how well our people embraced transformation and eased into working from the safety of their homes, and gratitude for their admirable commitment to deliver despite the challenges of continuing to do so amidst less than ideal working conditions. By coming together, we were able to not just continue doing business, but even move forward and launch various platforms needed by our agency force and our customers.

Successfully drawing on our strengths came at the most critical time when the community at large, and our brave frontliners, needed us the most. We responded with compassion, giving them peace of mind by providing them the material support and protection they needed.

The disruption also became a time to come together. For the Philam Group, it became the time to align with the Environmental, Social and Governance (ESG) Strategy of our parent company,

the AIA Group, and shift our corporate social responsibility (CSR) efforts into a more holistic approach by evolving into an ESG-focused company.

ESG expands CSR by embedding social responsibility into the way we do business. It guides us towards making a real, positive impact on our customers and the community, and allows us to focus not only on delivering results but also on the process by which we deliver these results. It

is underpinned by our Operating Philosophy of Doing the Right Thing, and helps bring to life our Purpose of helping people live Healthier, Longer and Better Lives.

The step towards this evolution brings us in alignment with the AIA Group as we move to a



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transformational ESG Strategy built on five pillars: Health and Wellness, Green Operations, Sustainable Investment, People and Culture, and Effective Governance.

Health and Wellness

With the pandemic still affecting millions of lives, helping our customers live healthier, longer, and better lives is more important than ever. We commit to engage with our communities and provide products that are focused on helping our customers have better health.

Green Operations

The health of the environment affects the health of people, now and in the future. This is why we deem it important to measure the environmental impact of our business, specifically in areas of waste management and property development, to see where we can take appropriate action.

Sustainable Investment

As part of a global industry leader, we are aware of how much impact our investment efforts have on people’s lives. As such, we will align our investment efforts with those that will bear sustainable outcomes and secure investment income to deliver on the long-term savings and protection needs of our customers. By taking ESG factors into consideration when making investment decisions, we can drive sustainable behaviors that create long-term value.

People and Culture

Our people are our strength. We promote an inclusive and collaborative culture that supports the development of our people, giving them a meaningful and rewarding career within the companies of the Philam Group.

Effective Governance

Sound and effective governance supports us in operating at the highest standards of responsible business practice. It guides our path toward sustainability as we continue to effectively manage risk, to innovate, and to drive economic and social development in the country.

No doubt the year was challenging to us all. To the Philam Group, the year became a test of our commitment. It gives me joy to see how, despite the trials of 2020, we have been able to operate sustainably and drive innovation without sacrificing our adherence to proper risk management standards.

As we now forge ahead, guided firmly by a more holistic approach and our focus trained on the five pillars underpinning our business practices, I am confident that we are in an even stronger position to bring to life our mission of racing against risk and empowering Filipinos to live Healthier, Longer, Better Lives.



Kelvin Ang

Chief Executive Officer
AIA Philam Life

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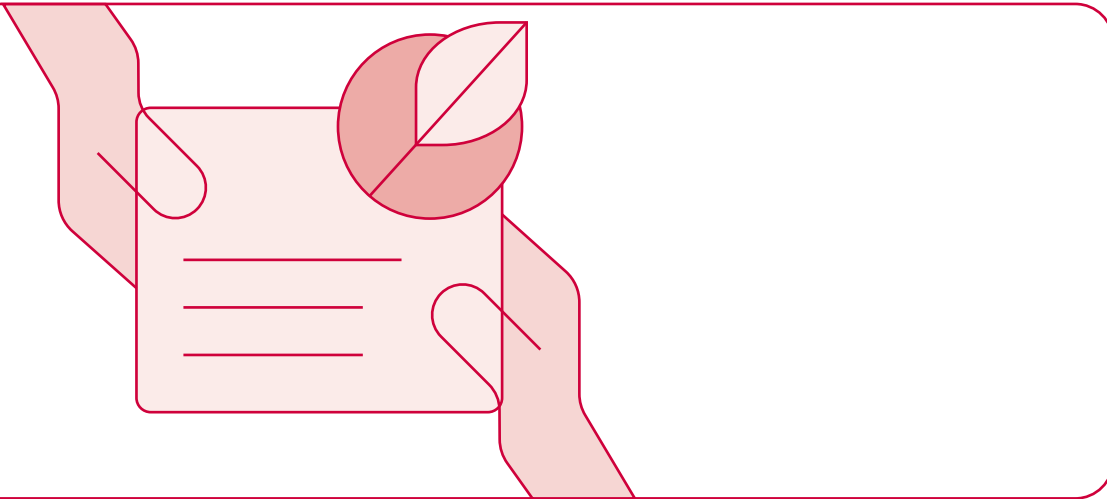
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About This Report

The Philam Group is pleased to present its ESG Report 2020 (the “Report”), which sets out in detail its ESG Strategy and commitment to its Purpose to help millions of Filipinos across the country live Healthier, Longer, Better Lives.

About AIA Philam Life

The Philippine American Life and General Insurance Company (AIA Philam Life) is the country’s premier life insurance company. Established on 21 June 1947, AIA Philam Life has earned the trust of customers for its financial strength, strong brand name, and ability to deliver on its promises.

AIA Philam Life has PHP291.63 billion in total assets and PHP80.20 billion in net worth as of 31 December 2020, while serving over 800,000 individual policyholders and almost 1,000,000 insured group members.

AIA Philam Life is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.

About the Philam Group

The Philam Group comprises the biggest life insurance group in the Philippines. By putting its customers at the center of its operations, the Philam Group has earned the trust of its stakehold-

ers and has achieved continued growth over the years.

The Philam Group was formed with the mission of racing against risk to empower Filipinos to live healthier, longer, better lives. Through its strong network, it is able to offer financial solutions such as life protection, health insurance, savings, education, retirement, investment, group and credit life insurance, and fund management products and services.

After the establishment of AIA Philam Life in 1947, the Philam Group has since expanded to include other affiliate companies, namely: BPI-Philam Life Assurance Company (BPLAC), Philam Asset Management Inc. (PAMI), Philam Foundation, and Philam Equitable Life Assurance Co. (PELAC).

Based on the Insurance Commission results as of 31 December 2020, the combined total premium income of AIA Philam Life and BPLAC is at PHP33.06 billion.

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About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR¹, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR² and New Zealand, and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$326 billion as of 31 December 2020.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 38 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

¹ Hong Kong SAR refers to Hong Kong Special Administrative Region.

² Macau SAR refers to Macau Special Administrative Region.

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Our Purpose

Our Purpose is to help millions of Filipinos live

HEALTHIER, LONGER, BETTER LIVES

For more than a century, AIA Group, our Hong Kong-based parent company, has strived to make a significant, positive impact for our customers and communities across Asia. In the Philippines, AIA's footprint has been felt for over 70 years through AIA Philam Life, BPI-Philam, Philam Asset Management Inc, and Philam Foundation, collectively known as the Philam Group.

Longer, Better Lives. Our Purpose guides the decisions we make and the actions we take as an organization - empowering and enabling people to understand and manage their health, while meeting their long-term savings and protection needs. We believe that helping to create a healthier Philippines is one of the most important and valuable things we can do for our communities, today and in the future.

As we look to the future, the Philam Group's commitment is reinforced by the same Purpose: to help Filipinos live Healthier,



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Our ESG Statement



The Philam Group’s ambition is to be an industry leader in ESG, shaping a sustainable future for the communities we serve and creating long-term value for all our stakeholders.

Our ESG Strategy is realized by improving healthcare standards and wellness levels, by green operations, driving sustainable investing, supporting our people culture, and effective governance.

Our ESG Strategy

In 2020, AIA conducted a review of its ESG Strategy with the ambition to develop a more focused and impactful ESG program that maximizes the value we bring our communities. A new ESG Strategy was developed, taking into consideration

feedback from both our internal and external stakeholders, and AIA’s material sustainability issues, with an ambition to address ESG risks and drive meaningful impact. In 2021, AIA will establish key performance indicators (KPIs) for each of

the strategic pillars in order to measure and manage our ESG performance. The ESG Strategy focuses on five pillars: **Health and Wellness, Green Operations, Sustainable Investment, People and Culture, and Effective Governance.**

OUR ESG STRATEGY IS BUILT ON FIVE PILLARS



With the cascade of these strategies to the Philam Group, this Report was developed around these five pillars. Each section of this Report focuses on a pillar of the ESG Strategy, followed by our approach which is discussed in detail with corresponding proof points and initiatives.

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Health and Wellness

-  Engage and inspire people to improve their health and wellness through initiatives, events, community programs and campaigns.
-  Champion financial inclusivity and reduce the burden of medical expenses through a focus on prevention and protection.


-  Build on its leading integrated wellness solutions and reward customers for behavioral improvements, delivering better health outcomes.


Green Operations


-  Increase digitalization and automation to reduce the usage of paper and need for business travel.

-  Ensure that all new buildings adhere to industry-recognized green building standards and environmental management best practices.


Sustainable Investment


-  Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy, and infrastructure.


-  Enhance portfolio exclusions in consideration of its objective to secure long-term investment outcomes.


-  Deepen ESG engagement with investee companies in directly managed portfolios.

People and Culture


-  Foster a learning culture that supports the development of its people and provides a platform for meaningful, purposeful careers with the Philam Group.


-  Embed a culture of ethical decision making and strong risk management, in adherence to the Operating Philosophy and Code of Conduct.

-  Create a supportive work environment that promotes workplace diversity and advances the culture of innovation and inclusion.

-  Ensure fair, accountable and equitable processes for employment, progression, and rewards for its people to deliver sustainable business results.

Effective Governance

-  Maintain a governance program consistent with international best practice that fosters business integrity and sound decision-making through a diverse and highly-qualified Board.

-  Effectively manage ESG risks and opportunities throughout the business, maintaining and ensuring the sufficiency of its risk management framework to uphold commitments to the highest standards of responsible business practices.

-  Establish the companies under the Philam Group as the industry leader through effective and relevant ESG reporting.

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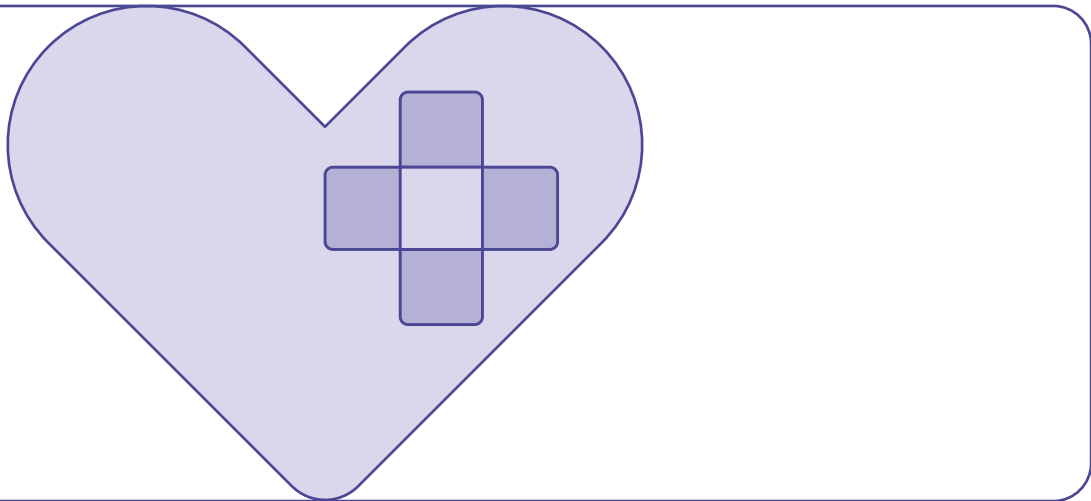
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Health and Wellness

The ability to sustain the Philam Group’s success requires an understanding of the Health and Wellness challenges that Filipinos face. By identifying the impact these issues have on local communities and on the business, it is able to proactively address these in a manner that creates lasting and meaningful shared value.

The ESG Strategy outlines the Philam Group’s approach to driving better health outcomes, greater engagement, and access to quality care through its Health and Wellness ecosystem.

Our Strategic Approach

- 

Engage and inspire people to improve their health and wellness through initiatives, events, community programs and campaigns.
- 

Champion financial inclusivity and reduce the burden of medical expenses through a focus on prevention and protection.
- 

Build on its leading integrated wellness solutions and reward customers for behavioral improvements, delivering better health.

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 Engage and inspire people to improve their health and wellness through initiatives, events, community programs and campaigns.

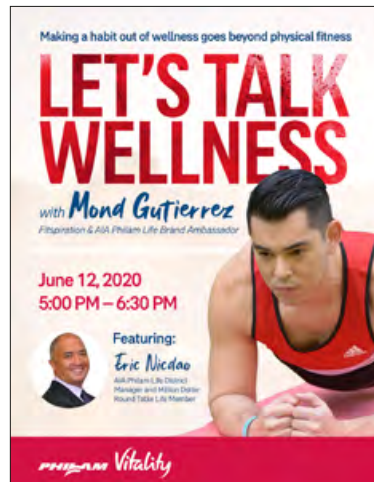
Promoting Health and Wellness Through Online Events

The Philam Group continued to promote health and wellness through the various online events it conducted for the general public and customers.

In August, AIA Philam Life Brand Ambassadors Nico Bolzico, Wil Dasovich, Raymond Gutierrez and Anton del Rosario took part in the AIA Group-initiated online event, AIA Live. AIA Global Ambassador

and football star David Beckham led AIA Brand Ambassadors across 18 markets in an online health and wellness day to share their thoughts, insights and practical sessions to inspire, educate and motivate people towards living a Healthier, Longer, Better Life.

Philam Vitality also sponsored various online events for customers featuring the AIA Philam Life Brand Ambassadors: Raymond Gutierrez, who spoke about wellness; Solenn Heussaff, who presided over a wellness chat for the modern woman; Nico Bolzico who talked about business and wellness, and Wil Dasovich who shared his insights on life and love. Thousands signed up to join the online events, making these initiatives a huge success.



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Engage and inspire people to improve their health and wellness through initiatives, events, community programs and campaigns.

Taking the Lead on Cancer Advocacy

Cancer remains one of the leading causes of death in the Philippines. Data from the Department of Health show that four Filipinos die of cancer every hour, which translates to nearly 100 deaths every day. To help manage this major health risk, Philam Foundation, began its cancer-related advocacy in 2017 through its program called ALPHA.

The Alliance for the Philippines' Health and Advocacy (ALPHA), is the health-based consortium of Philam Foundation, the Philippine College of Surgeons, and the Philippine College of Physicians. The consortium is focused on four cancer-related initiatives in 2020, with the objective of growing its hospital partnerships and implementing various activities that supported its cancer registry projects. The following are the four initiatives for the year:

- Completed its target of 100 hospitals installed with the hospital-based cancer registry in all training hospitals of the Philippine College of Surgeons nationwide.
- Trained 116 hospital data encoders, called tumor registrars, through the general assembly conducted for data encoders and hospital partners. This brought total trained encoders to 216, achieving 100 per cent of the target set for the initiative.
- Drove the increased engagement of physicians and surgeons on cancer advocacy, from 100 to 2,846 individuals through the four webinars conducted on cancer care, and the General Summit on Tumor Board.
- Fulfilled its nationwide cancer research commitment, by supporting four unique national researches that will continue until 2022: lung cancer, blood cancer, liver cancer, and Pathways of Improved Cancer Surgical Outcomes in the Philippines.



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Engage and inspire people to improve their health and wellness through initiatives, events, community programs and campaigns.



School Buildings to Help Students Live Better Lives

In 2012, Philam Foundation saw an opportunity to empower more Filipino youth by building disaster-resilient, well-lit, well-ventilated, fully-furnished classrooms in calamity-stricken, unserved and/ or under-served areas around the country, in partnership with different government, non-government organizations and private entities.

For 2020, Philam Paaralan sought the completion of the 100 school-building projects as part of the AIA Centennial initiative that began in 2019. While there were

some delays due to the pandemic, the committed 100 classrooms were completed by end of the year, with 25 constructed and 75 turned over.

In eight years, Philam Paaralan, together with 32 partners, completed the construction of 255 classrooms in 66 provinces across the Philippines, achieving 88 per cent of its target of 290 classrooms, and 80 per cent of its target number of provinces for the entire program.



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 **Champion financial inclusivity and reduce the burden of medical expenses through a focus on prevention and protection.**

Better Lives Through Financial Literacy

The Philam Group, through the Philam Foundation, advocates the importance of financial literacy through various initiatives.

The Philam Savings and Values Education Sessions (Philam SAVES) program was launched in 2016. Its creation was galvanized by a 2015 Standard and Poor study which reported the Philippines as one of the 30 least financially literate countries in the world, with only 25 per cent of adults aware of the basics of money management.

Philam SAVES is a two-part module, with a story-telling and coin bank-designing session for elementary students, and the Financial Planning Session for parents and teachers. It aims to promote to schoolchildren and their parents and teachers the value of saving and being thrifty.

For 2020, the target to educate 100,000 participants was a continuation of the commitment made in 2019 as part of the AIA Centennial celebration. Unfortunately, the sessions had to be halted as the pandemic shifted students to online learning. By the time the sessions ended in March following the community quarantine, there were already 41,454 participants (41 per cent of the target) educated, with 5,968 hours clocked in by 1,652 volunteers.

Aside from the Philam SAVES program, the Foundation signed a partnership with the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), through the Bangsamoro Minister of Basic,

Higher and Technical Education Mohagher Iqbal, with the goal of educating over 150,000 Grades four and five students under Philam SAVES. This will be integrated in the modular strategy of the Ministry of Basic, Higher and Technical Education.

Expanding the financial literacy programs beyond Philam SAVES, the Foundation is in the development stage of another personal finance program, My Peso and I.

My Peso and I is the Foundation's financial literacy program for tertiary students that will be conducted in partnership with the Bangko Sentral ng Pilipinas, Insurance Commission, National Economic Development Authority, Securities and Exchange Commission, Philippine Deposit Insurance Corporation and the Commission on Higher Education.

The Memorandum of Agreement for My Peso and I is currently under review and being finalized by the partners. In the meantime, the initial course module is being reviewed and will be used for the pilot run in the next school year.



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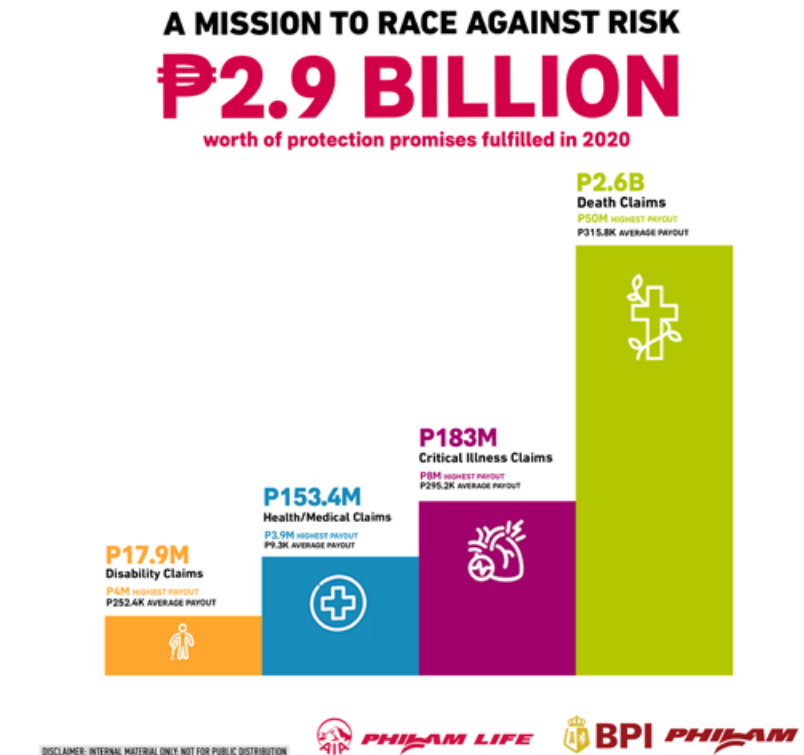
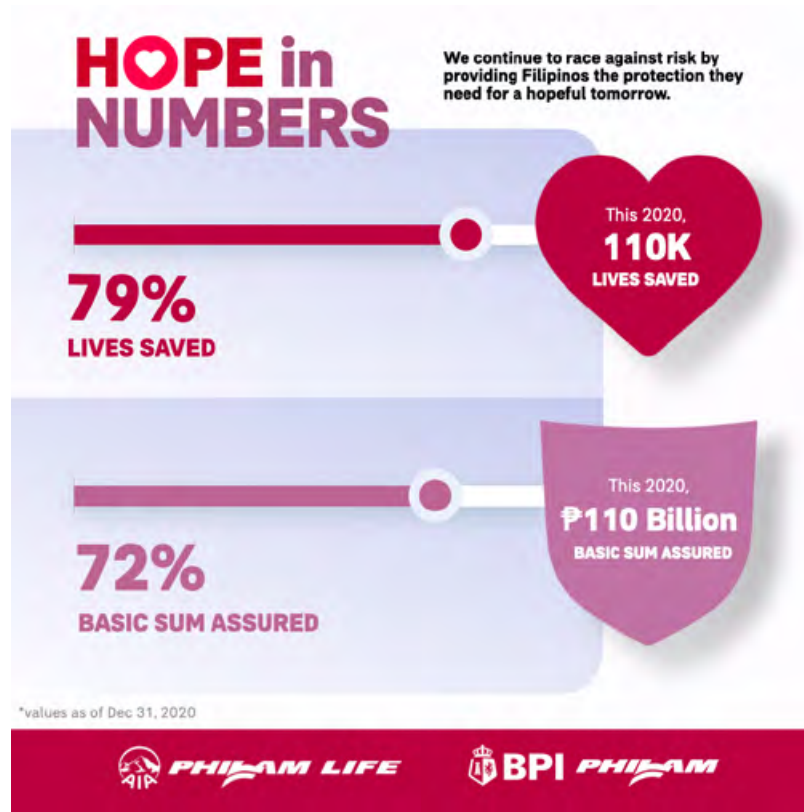
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 Champion financial inclusivity and reduce the burden of medical expenses through a focus on prevention and protection.

Save Lives

2019 marked the Philam Group's shift to protection in alignment with its mission of racing against to protect every Filipino family, empowering them to live Healthier, Longer and Better Lives. In 2020, the Philam Group made a commitment to save 110,000 lives for the year, based on new customers who avail of protection products, with PHP110 billion in basic sum assured. With the lockdown measures due to the pandemic derailing the strong progress made at the start of the year, the Philam Group rallied and ended the year at 79% for Lives Saved and 72% for Basic Sum Assured. When it comes to claims, the Philam Group paid out PHP2.9 billion worth of protection promises for the year.



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 Build on its leading integrated wellness solutions and reward customers for behavioral improvements, delivering better health outcomes.

Health Improvements Through Philam Vitality

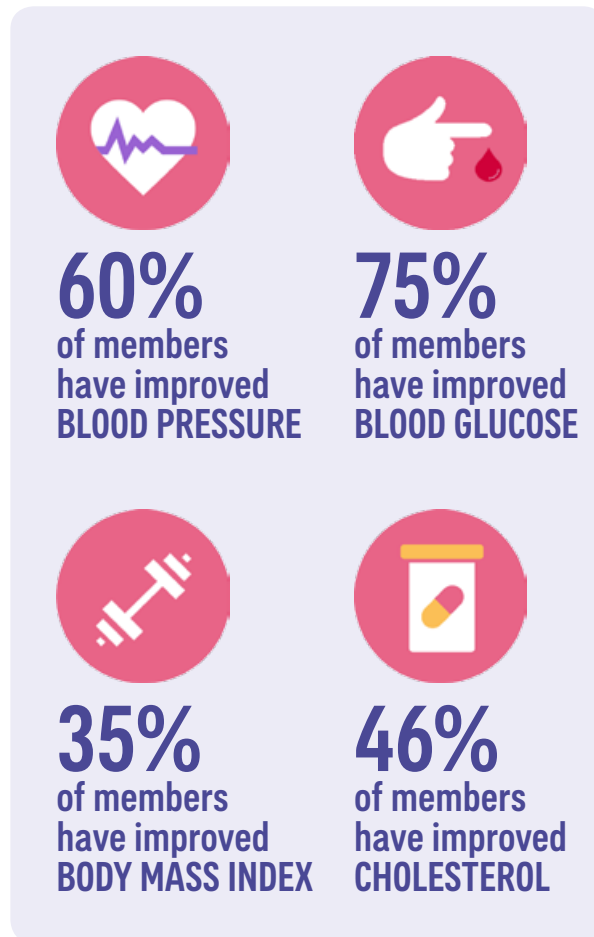
Since Philam Vitality's Philippine launch in 2015, its membership has grown to almost 130,000. It has become a major differentiator in the life insurance industry, and the primary tool in helping the Philam Group drive healthy behavior among its customers.

The Philam Vitality program has three phases:

- Know your health, where members are asked to provide baseline data on their health;
- Improve your health, where members are encouraged to complete challenges and exhibit healthy behaviors;

- Enjoy the rewards, where members who are able to complete challenges and achieve targets are rewarded with a variety of perks.

In 2020, out of over a thousand members who reported their unhealthy Vitality Health Check (VHC) biometrics, 51 per cent were observed to have improved their metrics. These results confirm the effectiveness of the program in fulfilling its commitment to help members live better lives.



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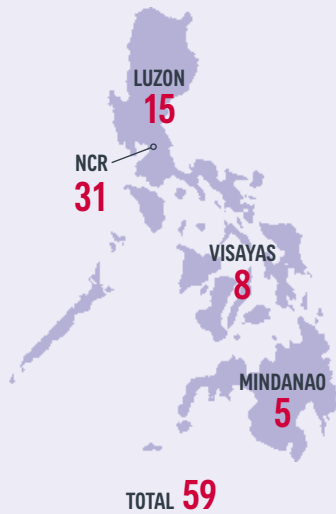
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SUPPLEMENT: Protection Against COVID-19

In Numbers:

Number of hospitals per area that were given the compassionate coverage



Free Compassionate Coverage to 30,000 Frontliners

The Philam Group, through Philam Foundation, provided free compassionate benefit coverage worth PHP50,000 to 30,000 medical frontliners, initially with its partner hospitals. The program, called Frontliners Inclusive Risk Safety net (FIRST) Initiative, provided coverage for three months (from 13 April to 13 July) that translated to a total sum assured of PHP1.5 billion.

The FIRST Initiative was the insurance coverage in the country to specifically target frontline health workers (doctors, residents, nurses, interns, tech, aides, housekeeping and security) assigned to handle COVID-19 response and treatment in partner hospitals. It was commended by the Insurance Commission as a project geared towards the protection of frontliners.

Free COVID-19 Coverage for Customers

In response to the pandemic, BPI-Philam, together with its bank partners, BPI and Citibank, launched a free COVID-19 life insurance coverage campaign. Launched in September 2020, the campaign made BPI-Philam one of the first financial institutions in the country to provide free coverage against

death due to COVID-19, providing policyholders and bank account holders with a PHP200,000 life insurance coverage for three months. By the end of 2020, over PHP2.6 million in claims have been paid out, with the program being extended until 2021.

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ALPHA

Philam Paaralan

Philam SAVES

Save Lives

Philam Vitality Health Outcomes

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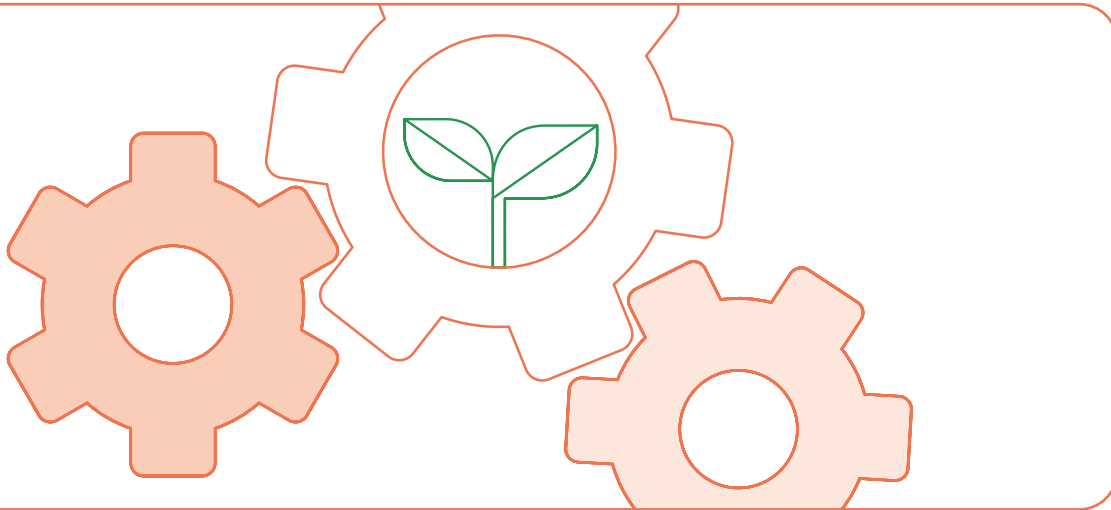
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BPI AND BPI-PHILAM ARE GIVING FREE PHP 200,000 COVID-19 LIFE INSURANCE COVERAGE





Green Operations

The environment has a direct impact on the health and well-being of the customers, employees and the community that the Philam Group serves. It is critically important to understand the effects of its impact, and where possible, influence positive environmental practices among stakeholders.

The Green Operations pillar encompasses two key priorities.

Our Strategic Approach

- 

Increase digitalization and automation to reduce the usage of paper and need for business travel.
- 

Ensure that all new buildings adhere to industry-recognized green building standards and environmental management best practices.

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Increase digitalization and automation to reduce the usage of paper and need for business travel.

Digital Transformation

The Philam Group's digital transformation is helping to shape its future and end the traditional view of insurance as an industry reliant upon forms and paperwork.

With the Philippines on Enhanced Community Quarantine (ECQ) for an extended period of time, it became imperative to launch stronger digital platforms that will allow the Philam Group to provide continuous excellent service to customers.

Coffee Closing. With a convenient and delightful journey for customers and distributors in mind, the approach to new business was streamlined. By mid-2020, the Coffee Closing Project was launched, with customers acquiring new policies in under 20 minutes, called such because the entire sales process is finished even before their coffee gets cold.

The Coffee Closing Project entails the completion of the policy application all the way to quality care check, end to end. This was made possible by a more robust and efficient underwriting process called Fusion, AIA Philam Life's proprietary Artificial

Intelligence underwriting process.

Aya and Bessie. Aya of AIA Philam Life and Bessie of BPI-Philam are the chatbots available on Facebook Messenger and on Viber launched last year in response to the need to provide customers alternative means of reaching AIA Philam Life and BPI-Philam. Through Aya and Bessie, customers are able to get quick answers in just a few clicks, in a platform that they frequently use.

eClaims. Aside from creating a platform that provides customers a swift means to secure continued protection,

equally important is the excellent after sales service that must be provided. Among the steps taken was to digitalize its claims process. Now available on the corporate website of both AIA Philam Life and BPI-Philam is an interactive platform that enables customers to process claims requests from the safety and comfort of their homes.

Paperless transactions. The shift to digital for over 60 per cent of the buy, service and claims transactions meant submissions were done digitally, significantly reducing the use of paper. With the utilization of electronic receipts, paper use was also reduced by 96 per cent.



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Ensure that all new buildings adhere to industry-recognized green building standards and environmental management best practices.

Green Buildings

AIA's commitment to incorporating green standards as an integral part of the design concept and construction phase, are outlined as requirements within the Group's ESG Investment Standard. In the Philippines, the Philam Group has adopted the same standards in its property developments for the past four years.

The Philam Group, through its investments, has committed

resources to acquire or develop green buildings, while also continuing to retrofit and upgrade older buildings in its portfolio to higher green standards.

While construction has been on hold for the past year due to pandemic, the projects in the pipeline awaiting approval to proceed are all set to be retrofitted and upgraded within the green standards set by the AIA Group.



Philam Life Center Cebu was Pre-Certified Silver when it was inaugurated in 2017 and was Certified LEED Silver for Core and Shell in 2019.

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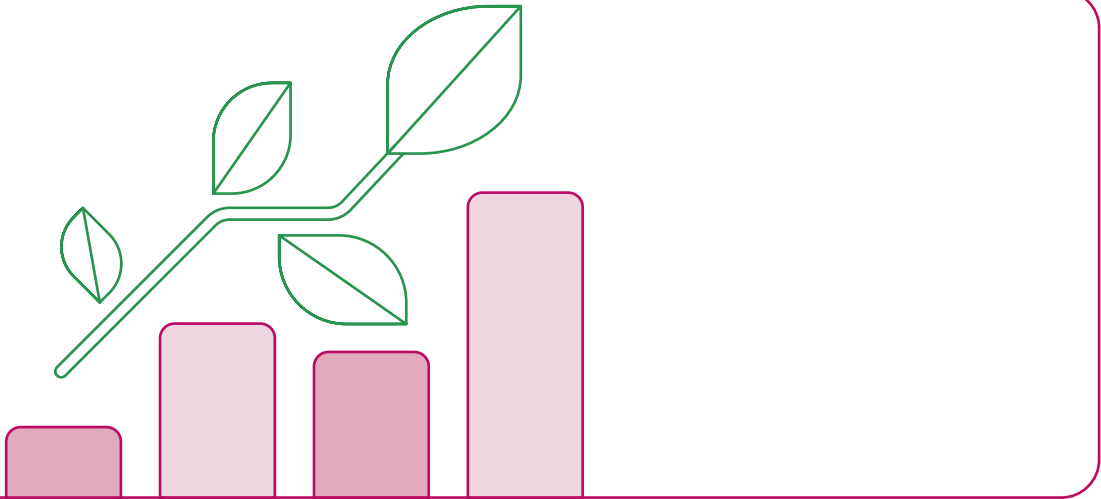
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BPI-Philam's Head Office in Makati City received LEED Platinum certification in 2020 for its sustainability, innovation, and interior design. The office received 81 points, making it one of the highest-scoring sustainable commercial interior projects in the Philippines. With this score, the office achieved the highest level of certification under the updated LEED v4.



Sustainable Investment

Through its investments, the Philam Group seeks sustainable outcomes and secures investment income in order to deliver on the long-term savings and protection needs of its customers. This enables its various companies to achieve its Purpose and fulfill commitments to customers.

Philam Group understands the impact that its investments can have on people’s lives. It believes it is essential to take ESG factors into consideration when making investment decisions so that it helps drive sustainable behaviors, including the creation of long-term value.

Our Strategic Approach

- 

Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy, and infrastructure.
- 

Enhance portfolio exclusions in consideration of its objective to secure long-term investment outcomes.
- 

Deepen ESG engagement with investee companies in directly managed portfolios.

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Sustainable Investment

In 2020, while maintaining AIA Philam Life's asset quality remains its priority, Environmental, Social, and Governance (ESG) factors also became increasingly important in its investment decision process. The ESG standards were updated to express a stronger stance in sustainable investment.

Improvements in policies, processes and procedures in all areas of operations were implemented, following the Investment Governance Framework developed by the AIA Group. Governance, risk, and compliance standards are expected to continue evolving, as these adapt to the changing market environment and remain consistent with global best practice.

Specific to fixed income, there is an on-going exercise to divest AIA Philam Life's coal-related investments. This is aligned to the commitment of AIA Group to address its exposure to coal-fired power businesses, implementation of which is well underway. Also, both public and private institutions are actively engaged to discuss opportunities to provide financing for renewable energy projects, with ESG assessment now embedded as part of the credit review process.

Among the changes in policies and procedures being implemented in equities investments are the exclusion of non-compliant sectors, monitoring of the carbon footprint of investible companies, ESG factors embedded in the research rating for stocks, constant engagement with listed companies, and the review of proxy voting actions.

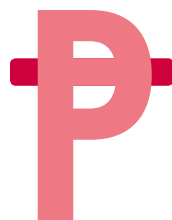
- **Exclusion of sector/ names that are non-compliant to the AIA ESG Standards.** AIA Philam Life began its review of all equity portfolios in its General Account (GA) as early as second quarter of 2020

to ensure its full compliance to the exclusion of sectors/ names in the non-compliant ESG list. From that time, AIA Philam Life started to divest its exposure to coal-mining and coal-fired power generation sectors to abide by the AIA Group's exclusion list.

- **ESG factors embedded in the fundamental research rating for equity and fixed income investments.** An ESG assessment portion is required in research reports made by the Fixed Income and Equity Research Teams. The assessment factors in the ESG efforts of the investee companies in their ratings, including ESG-related risks and issues they face, as well as the level of carbon footprint these companies carry using globally-acceptable methodologies.
- **Constant engagement with listed companies.** Whenever

necessary and appropriate, discussion dialogues with the investee companies are to be made to gear and support these companies towards sustainable activities. These discussions will be the channel through which AIA Philam Life can communicate to them AIA's firm commitment in factoring ESG in its investment decision-making process.

- **Review of proxy voting actions.** AIA Philam Life will carefully review proxy voting actions to avoid granting consent on corporate actions deemed inconsistent with AIA's ESG Standard. Project managers and equity analysts will study all corporate actions submitted to AIA for consent before a vote is put forward. This is to ensure that consent is not granted on the ratification of management actions that are deemed inconsistent with the ESG Standards.



INVESTMENTS IN INFRASTRUCTURE AS AT 31 DECEMBER 2020: PHP6.5 BILLION

Examples of these investments include:

PHP384 MILLION

in water utilities

PHP3.4 BILLION

in road and rail infrastructure

PHP1.5 BILLION

in renewable energy

PHP1.1 BILLION

in green bonds

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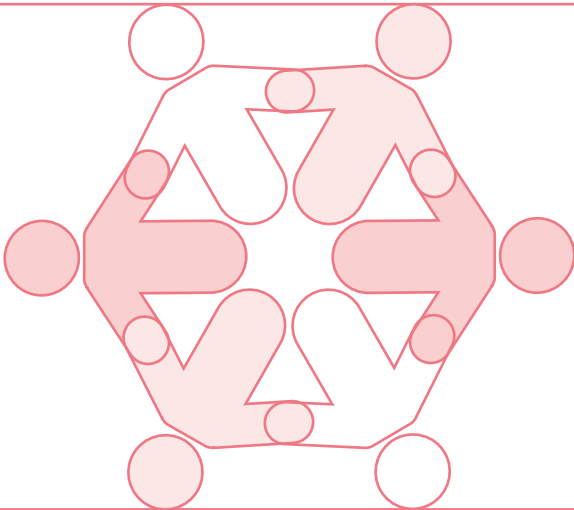
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People and Culture

The Philam Group is focused on developing, engaging, and helping its people grow professionally and personally during their time with its various companies. The ESG Strategy outlines the approach to empowering its people to succeed, and ensuring a fair and supportive culture that enables them to serve and support its customers and communities.

Our Strategic Approach

- 

Foster a learning culture that supports the development of its people and provides a platform for meaningful, purposeful careers with the Philam Group.
- 

Create a supportive work environment that promotes workplace diversity and advances the culture of innovation and inclusion.
- 

Embed a culture of ethical decision making and strong risk management, in adherence to the Operating Philosophy and Code of Conduct.
- 

Ensure fair, accountable and equitable processes for employment, progression, and rewards for its people to deliver sustainable business results.

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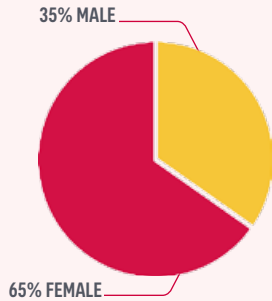
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Based on Gender



Engaging Our People

In the Philam Group, employees are engaged by ensuring that their basic needs are addressed, they are supported and appreciated, and they are empowered to fulfill their personal purpose and that of the company's. To help identify the specific areas of engagement that need focus, the Gallup Q12 Employee Engagement Survey is conducted every year, with 96 per cent of the employees participating in 2020. The results served as input in developing impact plans to maintain and improve engagement of employees.

Turnover levels are closely monitored against industry benchmarks by the Philam Group. This, combined with the Gallup results, provide insights that help the companies within the Philam Group better understand employee engagement levels, and ensure that the programs and opportunities provided create an environment that allow employees to be their best and grow in the companies within the Philam Group.

Turnover rate for 2020 is at 7.2 per cent, with the below 30 segment the highest at 10.0 per cent.

Employee Turnover

By Gender	
Female	7.0%
Male	7.6%

By Age Group	
Below 30	10.0%
30-50	6.2%
Over 50	4.5%

With the lockdowns forcing everyone to work from home, interventions were put in place to help sustain employee engagement. Quarterly townhall, monthly leadership pit stop, and other learning programs shifted to the virtual space and were made accessible to employees regardless of their location. Online activities for building relationships, celebrating special holidays, and simply taking a break from work together were also implemented to help employees mentally cope with

Recognition As An Employer

In 2020, the Philam Group was once again recognized as one of the "Best Companies to Work for in Asia" by HR Asia for the Philippines. It is the third consecutive win for the Philam Group, whose people practices was recognized as one of the best in the country.



the prolonged lockdown by engaging with colleagues.

On top of the engagement initiatives, appreciation for employees who continued to deliver excellent performance despite the additional challenges of the work from home arrangement were recognized through the rewards and recognition programs. One of these is the quarterly Stellar Awards, where employees who exhibit the AIA Leadership Essentials of Clarity, Courage and Humanity are recognized.

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Foster a learning culture that supports the development of its people and provides a platform for meaningful, purposeful careers with the Philam Group.

The Philam Group’s culture is shaped by its leaders who embrace the three Leadership Essentials – Clarity, Courage, and Humanity. Leaders should possess (a) clarity of vision, purpose and business direction, (b) demonstrate courage in their actions, and (c) consider the human element in everything they do because insurance is a people business.

When these elements are brought to life every day, its employees exhibit a high-performance culture that shows care and respect for its people.

The Philam Group subscribes to a comprehensive and holistic development in the belief that each employee can make a difference. Its holistic development opportunities ensure a proportionate way for employees to make the best out of their learning journey.

Learning from Experience

The best learning opportunities come from providing employees on-the-job experiences such as experiential learning, new project exposure, and job rotation and mobility to broaden their perspective and support their career aspirations.

Learning from Others

Peer learning is an effective way for employees to learn from others. Coaching is a

Developing Our People

For the Philam Group, developing its people is a strategic priority, so they can achieve their potential and deliver on its Purpose and ambitions. It has a strong learning culture that actively supports the development of key capabilities, to help its people succeed in their current roles while providing a platform for growth and meaningful careers.

critical aspect of a manager’s development of their teams. Conferences, company events, networking opportunities, and regular team meetings can also become venues where they can share their thoughts and suggestions, creating a natural setting for peer learning. Aside from Coaching, Mentoring and Reverse Mentoring, HR currently facilitates other development activities among employees to give them opportunities to learn from other leaders and experts within the Company.

Structured Learning

Workshops, eLearning courses, certifications, and training

programs can help bridge the gap in team members’ skills and capabilities. HR has also invested in providing different online learning platforms to make learning accessible, and contribute to the overall development of employees.

Employees are regularly updated about various learning and development opportunities through numerous internal communications channels. The Philam Group values its people and is committed to help them develop their skills and capabilities to succeed in their role as they achieve personal and professional growth.



- Action learning and problem solving
- Mobility opportunities
- Projects and special assignments
- Shadowing, self-directed and incidental learning
- Social projects



- Subject matter networks
- Collaboration platforms
- Coaching
- Mentoring
- Reverse mentoring
- Feedback



- Workshops
- Webinars
- Digital learning
- Traditional facilitator-led classroom training
- Formal coaching

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Foster a learning culture that supports the development of its people and provides a platform for meaningful, purposeful careers with the Philam Group.

Agency Learning and Development

As part of AIA Philam Life’s thrust to further strengthen its agency force, it aligned its program with the AIA Group’s Premier Agency strategy, developing best-in-class agents through innovative approaches to training and development.

In 2020, the focus was to help advisors and leaders transform their businesses from Start Up to Expansion. The strategy focused on developing Next Gen Leaders through effective and proven training programs based on both local and global best practices through a partnership with the Life Insurance Marketing and Research Association (LIMRA).

With the pandemic putting a stop to all face-to-face trainings for the agency force, AIA Philam Life fully migrated its training and development programs to digital platforms. Its Learning Management System (LMS) provides end-

to-end support to advisors and leaders, from booking a session to completing an assessment for certification and/or an evaluation for a virtual class session. It also contains microlearning videos that help the agency force gain new knowledge or learn a new skill by watching three to five-minute videos by the best practitioners in specific areas of the business.

Leader Development curriculum was also revised in 2020 using a blended learning approach to equip the new leaders with the fundamentals of agency management. Performance Coaching has also been included in the new curriculum to promote a greater sense of ownership and to build a culture of high performance.



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Create a supportive work environment that promotes workplace diversity and advances the culture of innovation and inclusion.

Diversity and Inclusion

The Philam Group thrives on a culture of diversity and inclusivity. Such an environment nurtures the kind of innovation, decision-making, adaptability and problem-solving that helps it stay true to its Purpose, and ultimately creates value for its customers and shareholders.

The Philam Group leaves no room for any form of discrimination or harassment, be it on race, color, religion, sex, nationality, age, disability, military service, marital status, or sexual orientation.

Inclusion and non-discrimination are ingrained in the culture of the companies within the Philam Group, and begins on the employees' first day as they internalize the Code of Conduct (the Code) as part of their training.

Employees are expected to conduct themselves with professionalism in the workplace, as outlined in the Code. They are encouraged to make their voices heard, to ask questions, raise

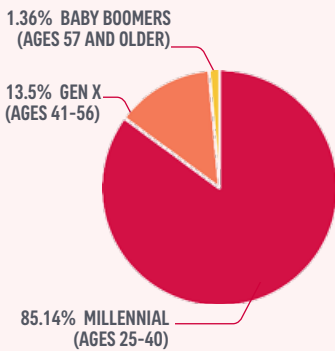
concerns, and report instances of misconduct through local or Group Compliance functions, or the Group's Ethics hotline. Channels for escalation are provided, while also encouraging employees to resolve issues through dialogue and cooperation with their managers and with the human resources team.

Nurturing An Inclusive Culture

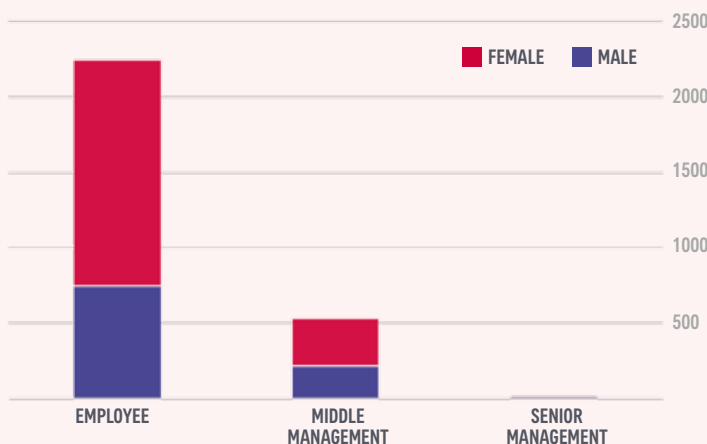
The Philam Group believes that diversity feeds perspective and leads to more effective governance and better decision-making across its companies. Women make up 65 per cent of the Philam Group employees and represent more than half of middle management and half of senior management.

The Philam Group strives to provide an inclusive workplace for all age groups, and is proud to have attracted talent from across the Baby Boomers, Gen X and millennial generations. The breadth and diversity of this multi-generational spread contributes to molding the Philam Group's policies and practices, helping make it a truly diverse and inclusive organization.

By Age Group



By Employee Category (percentages are relative to total workforce)



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Embed a culture of ethical decision making and strong risk management, in adherence to the Operating Philosophy and Code of Conduct.

Establishing A Risk-Aware Culture

A strong and resilient culture is key to the effective management of risk and relates to how an organization navigates the challenges and opportunities posed to its business.

To embed a risk-aware culture within the Philam Group, risk awareness and advocating early identification, reporting, and management of risks are embedded in the employees' performance management process with specific and measurable key results indicators (KRI).

At a grassroot level, sub-committees were created to which each functional unit follows a framework/minimum agenda to ensure that risk and compliance matters are regularly identified, assessed and mitigated. Each of these

committees is chaired by the risk owner of each of the functional units.

Risk Management Champions (RiCos) are identified in each functional unit to drive awareness of risk exposures and provide guidance on the Risk Management Framework (RMF) so they may be managed effectively. The RiCos ensure that the first line properly documents risk incidents, outstanding risks and measures taken, and identify new or emerging factors for risks such as new regulations, changes in market environment, etc.



Ensure fair, accountable and equitable processes for employment, progression, and rewards for its people to deliver sustainable business results.

Recognizing Performance

The Philam Group provides a dynamic work environment that encourages employees to bring their best to work each day. In return, a Total Reward program is offered to them, including growth opportunities and a comprehensive package of pay and benefits which aims to give employees the choice and flexibility to meet their individual needs.

The Reward Philosophy the Philam Group subscribes to is built on the principle of providing an equitable, motivating, and market-competitive total remuneration package that fosters a strong performance-oriented culture. Its strong pay-for-performance culture is aligned with AIA Group's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right people... and the results will come." It aims to ensure that individual rewards and incentives relate directly to the individual's performance, the function in

which they work, and the overall performance of the business.

The Employee Share Purchase Plan (ESPP) is another important element of the Total Reward program which offers a convenient and attractive means for employees to further benefit from the Company's future success through its one-for-two share matching. The subscriptions from employees have been steadily increasing, demonstrating commitment to the long-term success of the companies within the Philam Group.

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Promoting Health and Well-Being

The Philam Group has its own program that allows people to take charge of their health by helping them lead a healthier lifestyle. This is in fulfillment of its brand promise of helping people live Healthier, Longer and Better Lives.

Philam Vitality is the cornerstone of the health and wellness programs of the Philam Group. Employees are encouraged to lead a healthier lifestyle so they can live better and get more out of life. Initiatives that encourage and motivate employees in their journey towards wellness in a fun and collaborative way are also implemented to help them sustain a healthy lifestyle.

Wellness-related benefits, activities, and webinars are made available to employees. All activities are anchored on further promoting health and wellness, productivity, engagement, and a culture of collaboration within the Philam Group.

Safe, Healthy and Secure Workplace

The Philam Group offices are Safe, Healthy, and Secure Workplaces. It observes Occupational Safety, Security, and Health Standards being promoted by the Department of Labor and Employment. The companies within the Philam Group conduct their business in a manner that protects the health, safety, and security of their employees and customers.

Situations that may pose health, safety, security, and environmental hazards are mandated to be reported promptly to management or to the appropriate Corporate Security personnel. Employees are encouraged to notify management or Corporate Security of any issue that may impact security, fire and life safety, or emergency readiness.

Using, selling, possessing or working under the influence of illegal drugs is strictly prohibited. At the same time, use of alcohol while conducting business is also prohibited.

The Philam Group abides by local labor and employment laws including those addressing discrimination and harassment. Within the AIA Code of Conduct, employees are mandated to treat each other with respect,

including valuing each other's differences and respecting each other's opinions.

Physical security systems reduce the risk of exposure. Entry controls are implemented to ensure company safety, security, and protection. Wearing of ID is strictly observed.

The personal information and property of the employees of the Philam Group are respected. Employees expect it to carefully maintain the personal information they provide. Employee trust must not be compromised by disclosing this information other than to those with a legitimate need to know.

Access to personal information or employee property is authorized only for appropriate personnel with a legitimate reason to access such information or property. From time to time, Philam Group may access and monitor employee internet usage and communications to assess compliance with laws and regulations, policies and behavioral standards. Subject to local laws, employees will have no expectation of privacy with regard to workplace communication or use of AIA and the Philam Group's information technology resources.



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Caring for Employees Amid the Pandemic

With the lockdown announcement at the first quarter of 2021, businesses across the country shifted quickly to work from home arrangement to ensure continuity of business operations. For the Philam Group, the immediate response was to quickly equip its employees, sending the necessary tools and supplementing the need for better internet connection.

When the Philam Group offices partially reopened for operations, measures were taken to ensure employee safety in the workplace. Premises that will be occupied were readied to comply with

the minimum health protocols mandated by the government. Employees reporting to the offices were provided with face masks and vitamins, and their transportation expenses were reimbursed.

Teleconsultations to address medical concerns of employees was promoted, and face-to-face consultation was discouraged to avoid exposure in hospitals and clinics. A dedicated emergency operations center (EOC) was established to handle medical emergencies related to COVID-19 suspected and positive cases. Suspected cases were referred

for tests to appropriate centers, with the cost fully subsidized.

Regular Health Bulletins on COVID-19 were released to employees via email, while a Local Incident Management Team meeting was convened monthly to provide policy direction on various COVID-19 issues and concerns, and to discuss how to support employees during the pandemic.

Responding to Employee Distress

In the last quarter of 2020, successive powerful typhoons swept across the Philippines, causing storm surges and flooding in various parts of the country. Typhoon Ulysses (international name Vamco), the second and more powerful of the two typhoons to hit the country in succession, caused the worst flooding in Metro Manila since 2009's Typhoon Ondoy

(international name Ketsana). To address distress calls from employees, a dedicated 24/7 emergency operations center (EOC) was on stand-by, with real time updates from various government agencies monitoring the situation.

Several distress calls from employees and agents trapped by rising flood waters were

received and rescue operations were conducted. Those who were displaced by the floods were given temporary shelter at the various Philam Group offices nationwide. Prepared relief packs containing ready-to-eat food and necessities were available in main hubs nationwide and were made available for distribution to employees as needed.

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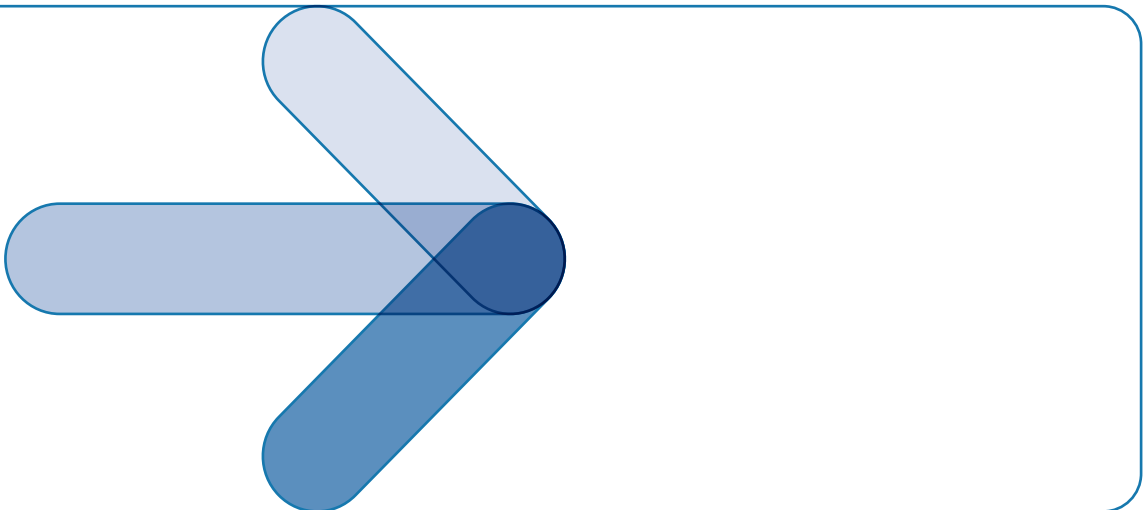
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Effective Governance

Strong corporate governance is essential both to the delivery of sustainable value and to maintaining a culture of business integrity. The Philam Group is committed to high standards of corporate governance, which sets the foundation upon which it is able to grow the business, realize its Purpose, and help people live Healthier, Longer, Better Lives.


Through the ESG Strategy, the Philam Group demonstrates its commitment to effective governance, outlined in the section below. Further details on the Corporate Governance Report is available in the 2020 Annual Report of the various companies under the Philam Group.

The Philam Group upholds its reputation through its commitment to the highest standards and responsible business practice

Our Strategic Approach

- 

Maintain a governance program consistent with international best practice that fosters business integrity and sound decision-making through a diverse and highly-qualified Board.
- 

Effectively manage ESG risks and opportunities throughout the business, maintaining and ensuring the sufficiency of its risk management framework to uphold commitments to the highest standards of responsible business practices.
- 

Establish the companies under the Philam Group as the industry leader through effective and relevant ESG reporting.

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Maintain a governance program consistent with international best practice that fosters business integrity and sound decision-making through a diverse and highly-qualified Board.

Corporate Governance

The Philam Group confirms its full compliance with the Code of Corporate Governance. Its commitment to the highest standards of corporate governance is rooted in the belief that a culture of integrity and transparency is essential to the consistent achievement of their goals. Creating a sustainable culture, where trust and accountability are as vital as skill and wisdom, steers the Board of its various companies towards achieving long-term value for shareholders and customers, and strengthens confidence in the institution.

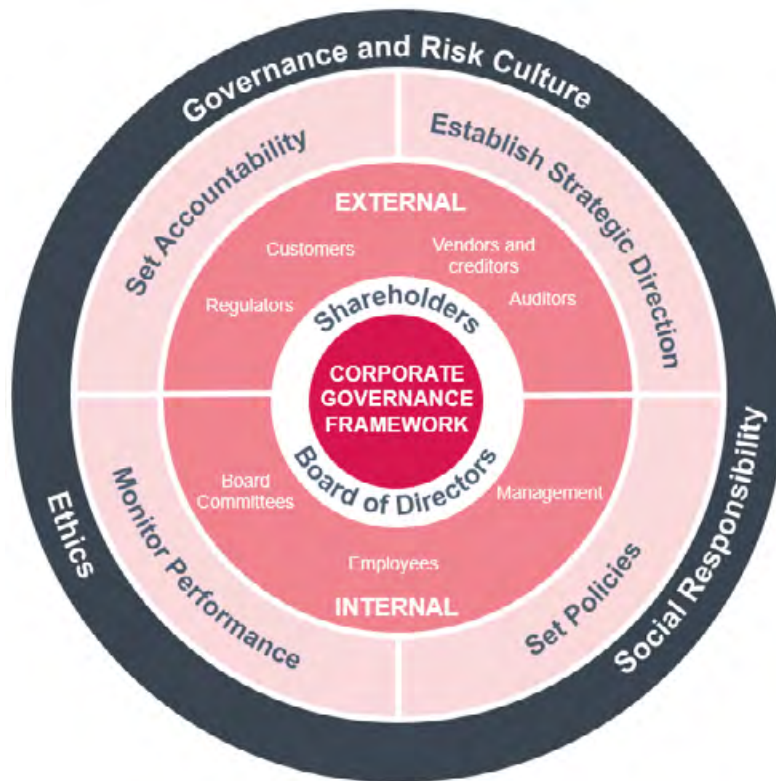
Corporate Governance Policy

The Philam Group’s Corporate Governance Policy placed on the Board of its companies the ultimate responsibility for their sustainable performance, including the consistent achievement of business plans and compliance with statutory and corporate obligations. To fulfill such responsibility, the Board adopted a policy of adherence to all legislations, regulations, and statutory standards as may be applicable

and relevant to these companies and mandates all directors, senior management and employees to abide by the principles of good governance and the Code of Conduct.

The Philam Group’s corporate governance framework, applicable to all its companies, underpins its commitment to corporate governance principles and leading practices.

Corporate Governance Framework



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Board Independence and Diversity

The Board of Directors has a balanced composition of executive and non-executive directors, such that, no individual or small group of individuals can dominate the Board's decision making. The Board will determine whether a director is independent in character and judgment, or there are relationships or circumstances which are likely to affect the director's judgment.

The Board also recognizes the benefits of having a diverse Board as an essential element in maintaining a competitive advantage and achieving optimal decision-making. The Board considers diversity in age, gender, ethnicity, culture, race, skills, regional and industry experience and background, and other distinctions in determining the composition of the Board of Directors.

The Board, in compliance with the AIA Code of Conduct, also ensures that each director does not have, directly or indirectly,

a financial, legal or other relationship with any of the companies under the Philam Group that would reasonably interfere with the exercise of independent judgment in carrying out his or her responsibilities.

Board Committee Composition

Each of the three Board committees - the Audit and Related Party Transactions (RPT) Committee, the Corporate Governance Committee (formerly: Governance, Nomination and Compensation Committee), and the Board Risk Committee, is chaired by an Independent Director. The composition of each committee is as follows:

- The Audit and RPT Committee is composed of all the three Independent Directors of the Company.
- The Corporate Governance Committee is composed of majority Independent Directors and the Non-Executive Director.
- The Board Risk Committee includes the Chief Executive Officer as its only Executive Director while majority

members are Independent Directors. The inclusion of the Executive Director is to ensure that the Board Risk Committee has the benefit of detailed financial and operational information to ensure appropriate oversight in support of ensuring the sustainability of the operations of the companies under the Philam Group.

ESG Governance

The Board's membership includes expertise in the management of ESG matters, with various members demonstrating deep fluency in ESG issues and trends, while bringing valuable experience and perspectives gained from their previous positions serving on ESG or sustainability committees of various companies, locally or abroad.

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Effectively manage ESG risks and opportunities throughout the business, maintaining and ensuring the sufficiency of its risk management framework to uphold commitments to the highest standards of responsible business practices.

Effective Risk Management and Responsible Business Practices

A commitment to responsible business practices and effective risk management are essential in order to create an environment where issues can be addressed promptly as they arise. The Philam Group is also committed to the fair treatment of its customers and their data, always striving to understand their needs and wants.

Effective Risk Management

Oversight of the Philam Group’s risk management activities and monitoring of material risks, whether they are relevant to the industry or unique to its businesses, remains the responsibility of the Board. They are supported by the Board Risk Committee (BRC) and the executive risk committees, such as the Group Risk Management Committee (GRMC) which is comprised of senior executives and the Functional Risk Management Meeting (FuRMM) at a functional level led by the Executive Committee-in-charge who is the risk owner.

The Philam Group believes that sound risk management relies on 1) a strong corporate culture driven by the leadership where accountability over risks and effective controls are taken with seriousness across all levels of the corporate hierarchy and operating areas of its various companies, 2) a clear and effective Risk Management Framework (RMF) that promulgates how risks are defined, measured, and mitigated.

The RMF is governed by the Group Risk Management Committee (GRMC), which oversees and reviews both financial, product and operational risks, and ensures that appropriate risk policies and mitigation measures are in place. The GRMC reports to the Board

Risk Committee (BRC) which is responsible for oversight of risk management activities. The BRC determines the Risk Appetite, the Risk Management Statement, and the Risk Management Framework, and advises and assists the Board of Directors in the review and approval of these matters.

The Philam Group operates under a “Three Lines of Defense” governance model, which is used to run the RMF.

A very important characteristic of the model is to define primary risk ownership by the business areas in order to drive a strong culture of ethics and accountability in the way business is conducted day to day. In this way, risks are identified and mitigated immediately as they emerge.

The First Line is made up of Risk Owners who underwrite risks through product development, investment of asset portfolios, structural allocations and other key business operations. The First Line is responsible for operating within the RMF proposed by the Second Line and approved by the BRC and Board, ensuring that risk and returns are well understood and optimized throughout the decision-making process. The First Line also has the responsibility to operate a robust control environment for their functional areas, including ownership and management of operational and compliance risks.

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The Risk and Compliance Function acts as the Second Line of Defense as it implements the RMF, a method to identify, quantify, and mitigate risks within the Company; and ensuring it remains effective. While the First Line is empowered with decision-making authority, including for exception procedures and approvals, the Second Line endorses these decisions and provides independent oversight, challenge and advice.

The Group Internal Audit (GIA) is an independent audit function that acts as the Third Line of Defense to provide the Board of Directors with independent assurance on the effectiveness of key controls and recommends control improvements as necessary. The function provides assurance that the appropriate controls in place to address material risks are effective.

Further details on the Risk Management Practices of the various companies within the Philam Group are available in their respective 2020 Annual Reports.

Responsible Business Practices

The customers of the Philam Group place a high degree of trust in its business, and in its ability to provide protection and financial security over time to millions across the region. The Philam Group takes pride in its long history of successful operation and values the reputation it has earned of being reliable and trustworthy that acts with integrity.

AIA Code of Conduct

At AIA and in its subsidiaries, employees hold themselves to the highest standards of integrity

and ethics in everything they do. In doing so, the trust placed by customers is protected, maintaining and enhancing the foundation of long-term sustainability and success. AIA's Code of Conduct defines how this trust is maintained and reflects the Operating Philosophy of doing the right thing, in the right way, with the right people and the right results will come.

The AIA Code of Conduct is designed to give AIA officers and employees a practical understanding of how to make the right decisions in their day-to-day work. It provides clear guidance on important issues and outlines how employees should behave and conduct business at AIA at all times and under all circumstances.

As part of the AIA Group, Philam Group employees adhere to the same Code of Conduct. To ensure that all AIA employees are aware of the provisions of the AIA Code of Conduct, an annual certification program is conducted where all employees confirm their knowledge, understanding, and practice of the rules and guidelines written in the Code.

Anti-Corruption and Bribery

The Philam Group implements a robust Anti-Corruption Program supported by an Anti-Corruption Policy locally adapted from AIA Group's Anti-Corruption Program. This Policy sets out the minimum standards regarding the prevention of bribery and corruption and requirements for transactions and activities involving Government Officials. It also provides guidance on variety of situations that pose a risk from bribery and/ or corruption perspective.

A zero-tolerance approach on Bribery and Corruption is adopted by the Philam Group. Employees and other persons representing its various companies are prohibited from offering, paying, promising or authorizing (directly or indirectly) any bribery, kickback or anything of value (as defined in the Policy), with corrupt intent or in violation of anti-corruption laws.

Members of the Philam Group are not allowed to use improper means to influence another person's business judgement. All employees and officers are required to report and seek approval, when necessary, to the Compliance Office any gift/ entertainment provided to Government organizations and/or any of its officials.

Anti-Fraud Policy

The Philam Group adopts a zero-tolerance approach to fraud and expects all employees, agents, and third parties to act with honesty and integrity. The policy is intended to reinforce management procedures designed to aid in the prevention, detection, and investigation of fraud, thereby safeguarding its various companies' assets and providing protection from the legal and reputational consequences of fraudulent activity. All suspected cases of fraud are investigated, and disciplinary procedures enforced, including prosecution and termination.

This policy was submitted to the Insurance Commission following the requirements of IC Circular 2016-50. The Insurance Commission wants to ensure that all companies are prepared and ready to combat insurance fraud for its own protection and for the

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welfare of its stakeholders or insuring public.

Whistleblower Protection Program

The companies within the Philam Group conduct business with integrity and follows the highest ethical principles. Any employee (or anyone else) may raise concerns of misconduct or wrongdoing within AIA and the Philam Group that can allow investigation to fix any problems. The Whistleblower Protection Policy applies to all employees of the AIA Group, including all the companies that are part of the Philam Group. This Policy guides all employees on how to raise ethical concerns, and guides managers on how they should respond when this happens.

‘Whistleblower’ refers to someone (an AIA employee, business partner, agent, consultant, vendor, customer, or other party) who informs AIA or any of the companies within the Philam Group of suspected illegal or improper ways of doing business involving violation of laws, regulations, AIA or Philam Group policies, and other unethical actions that might negatively impact AIA’s and the companies under Philam Group’s reputation.

Employees who are aware of possible wrongdoing within AIA and the Philam Group have a responsibility to disclose that information to management. Reports are taken seriously and investigated confidentially. The Policy prohibits retaliation against employees who report suspected wrongdoing in good faith.

Speak up culture is being encouraged and widely promoted. Posters are displayed, brochures

are distributed to promote reporting whenever employees see or suspect potential misconduct or fraud. A hotline and a link is made available and the employee may choose to be anonymous.

An AIA Ethics line (<https://www.aiaethicsline.com>) was developed to support the program. It is an independently managed website and hotline (telephone) service, receiving reports in local language, 24 hours a day, and seven days a week. AIA and the companies within the Philam Group can communicate with anonymous whistleblowers through a secure platform using the AIA Ethics Line. The report may also be made by using the AIA Group Ethics and Compliance Hotline +852 2832 1200, via email to compliance@aia.com or via (PLDT) 1010-5511-00-800-245-4179 or 105-11-800-245-4179.

Anti-Money Laundering and Counter Terrorist Financing Program

AIA does not permit the use of its products and service for Money Laundering and Terrorist Financing purposes. Pursuant to Section 18 of Republic Act (RA) No. 9160, also known as the “Anti-Money Laundering Act of 2001”, as amended by RA No. 9194, RA No. 10167, RA No. 10168 and RA No. 10365, all covered institutions which include insurance companies supervised or regulated by the Insurance Commission are mandated to formulate their respective money laundering prevention program in accordance with the said law.

The Anti-Money Laundering Program (AML Program), based on AIA Group’s, outlines the Philam Group’s governing

principles, minimum standards, roles and responsibilities of respective functions and employees, and detailed requirements in respect to the systems and controls for the prevention of money laundering and terrorist financing. The management, officers, and staff remain vigilant in the fight against money laundering and financing of terrorism and collectively oppose any effort to violate the anti-money laundering laws.

In 2020, the Philam Group revisited and revised many of its processes to comply with new regulations and to support the country’s efforts to implement international standards. eLearning sessions were rolled out for employees and agents to ensure strong awareness of local regulatory requirements and their obligations under the Philam Group’s AML Program. The Philam Group continues to improve its processes and systems to enhance the effectiveness of its AML Program.

Customer Engagement

Treating Customers Fairly

The Philam Group’s Customer Commitment Standard demands that customers are treated fairly at all times. This ensures that customers’ needs and reasonable expectations have been considered in the business activities. Appropriate standards of business practice to promote customer outcomes that are consistent with reasonable expectations are in place. The companies within the Philam Group also monitor customer experience and manages the risk of unfair treatment or poor outcome for customers.

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Marketing, advertising and sales-related materials and services are truthful and accurate, and misrepresenting or attempting to mislead or deceive customers by use of unsupported or fictitious claims about its products or those of its competitors are not acceptable.

The Philam Group adopts a structured framework in handling complaints related to market misconduct. The Complaints Procedures Manual defines the step by step approach to ensure that all customer grievances and complaints of misconducts are immediately addressed. Misconduct includes but is not limited to misrepresentation of product features, mis-selling, policy replacement, misappropriation of client monies, and any other infringement of the Market Conduct Guidelines.

Market Conduct Guidelines

AIA Philam Life envisions itself as having one of the highest sales standards in the Philippine life insurance industry. All agency force and distribution sales employees are expected to conduct their business with the highest level of professionalism, ethical conduct, and personal integrity to protect the policyholders and the insuring public. AIA Philam Life will not tolerate any less.

The Market Conduct Guidelines is used as a guide by all agency force and distribution sales employees in the conduct of their business and aid in the determination of what would be deemed proper conduct and behavior. It will apply equally and consistently to the conduct of life insurance business practices and the sale of all financial products. Any breach of the Market

Conduct Guidelines may result in the imposition of a penalty on offender or violator.

The Philam Group reserves the right at all times to terminate the contract with any agent or distribution sales employee in accordance with the terms of the contract.

The Market Conduct Committee evaluates all complaints and determines whether an agent or distribution sales employee has committed any wrongdoing. Any agent or distribution sales employee found guilty of any market conduct-related offense is subjected to appropriate sanctions. This Committee administers the rules of the Market Conduct Guidelines, company policies and other guidelines, and provides assistance to the Board of Directors and the Philam Group’s management to enable its companies to continue operating according to the highest ethical business standards and the applicable laws and regulations. Mandatory members of the Market Conduct Committee are representatives from Compliance and Distribution (non-voting member). Currently, the Chief Legal Officer is the committee chair, with the heads of relevant functional units serving as members.

The Sales Code of Discipline

In pursuit of building and promoting professionalism and having one of the highest sales ethical standards in the life insurance industry, it is the policy of AIA Philam Life to set up measures of conduct and standards of behavior to instill a strong sense of discipline among its sales force.

The AIA Philam Life Sales Code of Discipline contains penalties associated with the breach of company policy, the market conduct guidelines, employment contract, laws, and regulations.

The objective is to establish uniform disciplinary sanctions amongst all sales personnel and adopt a systematic and equitable procedure in administering corrective measures. The sanctions, which may range from Written Reprimand to Termination of Contract, are applied accordingly depending on the gravity of the offense and as deemed appropriate by the Company.

Securing Customer Information

Data Privacy

The Philam Group recognizes its responsibilities in protecting the personal data and sensitive information of all its stakeholders including employees, customers, intermediaries, business partners, and third-party service providers. The Board of Directors, management, and employees of the companies within the Philam Group commit themselves to adopt and adhere to the Policy provisions to ensure protection of personal information and sensitive data collected by and shared.

The Data Privacy Program of the Philam Group is aligned with RA 10173, the local Data Privacy law. It contains 11 Data Privacy Principles aimed to guide and establish the necessary controls to safeguard the privacy of the personal information in the hands of the companies within the Philam Group and its employees.

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To strengthen corporate governance, the AIA Philam Life Board of Directors appointed a Data Protection Officer for the Philam Group who is tasked to oversee the implementation of its Data Privacy Program based on the issued Implementing Rules and Regulations of the local law, and ensure that appropriate operational controls are implemented across all units or departments.

The Philam Group’s Data Privacy Policy provides guidance to all employees, intermediaries, and third parties on how personal data should be collected, used, stored, transferred, and disposed. It further clarifies the roles and responsibilities of the employees and intermediaries about the relevant standards and procedural controls expected to be observed to secure and protect personal data.

Supply Chain Management

Sourcing Policy/Vendor Management

Business partners serve as extensions of the companies within the Philam Group, to the extent that they operate within contractual relationships. Business partners are expected to adhere to the spirit of the AIA Code of Conduct and to any applicable contractual provisions.

Business partners must not act in a way that is prohibited or considered improper for any Philam Group employee. Employees must ensure that customers, agents, and suppliers do not exploit their relationship with the companies within the Philam Group or use its name in connection with any fraudulent, unethical or dishonest transaction.

Suppliers and vendors are selected on the basis of performance and merit in accordance with a fair and transparent process. Requirements for suppliers and vendors to follow the standards in the Code are part of the vendor management program.

The total expenditure on goods and services from third party suppliers form a significant part of the operating cost. Any activity by a line of business to acquire goods/ services must be undertaken in a professional manner to ensure that it is able to maximize the value and manage risks associated with use of external suppliers.

The local Sourcing Policy sets out the framework within which the Philam Group companies must engage external suppliers for goods/ services, and is supplemented by the Sourcing Practice Guide. This provides the

standard processes and document templates in engaging suppliers that should be read in conjunction with the policy document.

The local Sourcing Policy, with the AIA Group Sourcing Policy as a model, was defined with the primary objective to establish standardized sourcing procedures.

As set out in the AIA Group Sourcing Policy, a Local Sourcing Lead (LSL) or a designate is appointed and will be responsible for ensuring implementation, execution, update and compliance of the local policy. This person should closely work with the AIA Group Sourcing (GS) team.

Supplier Selection

Suppliers and vendors of the Philam Group are selected on the basis of performance and merit in accordance with a fair and transparent process. Appropriate due diligence is performed regarding potential agents, consultants, and independent contractors prior to engaging their services.

The companies within the Philam Group seeks supplier partnerships with diverse businesses, and values suppliers that share their dedication and commitment to diversity and social responsibility.

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Establish the companies under the Philam Group as the industry leader through effective and relevant ESG reporting.

The Philam Group ESG Policy

In October 2020, the Philam Group officially confirmed its Environmental, Social, and Governance Disclosure Policy (the “Policy”) which sets out its approach to disclosure of non-financial information and management of the economic, environmental, social and governance (ESG) aspects of its business for sustainability and growth.

Mindful of contributing to the sustainability of its communities, the Company in all its undertakings will strive to make a positive difference by empowering Filipinos to live Healthier, Longer, Better Lives.

Aligned with the ESG direction of its parent company, AIA Group Limited (“Group”), it will monitor environmental regulation and opportunities in the area of green and sustainable finance. The Philam Group will also develop suitable local strategies and/or initiatives in line with the Group’s ESG direction. This will include identifying and reporting on progress against suitable KPIs that will allow it to communicate how it is making meaningful progress against local sustainability challenges, in line with the Group’s ESG approach.

The Philam Group likewise recognizes that strong corporate

governance sets the foundation upon which it is able to grow its business and realize its Purpose. Because of this, its approach towards strong governance culture is based on its Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People and the Results will come.” This approach will be embedded within its governance practices and culture program.

To attain a cohesive and collective effort towards sustainability for the entire organization, it has aligned its ESG disclosure policy with the AIA Group and has committed to produce its local ESG Report according to the same disclosure standards—which include adherence to the globally-recognized Global Reporting Initiative (GRI) Standards or similar standard, reporting on sustainability and nonfinancial issues.

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