



**PHILAM LIFE**

HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES



# SAVING LIVES

AIA PHILAM LIFE ANNUAL REPORT 2020



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HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES

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**We at AIA Philam Life make a positive difference in the lives of Filipinos by giving them peace of mind through the innovative protection and long-term savings solutions we offer, helping them live Healthier, Longer, and Better Lives.**

**We are our customers' partner in creating a secure future for them and their loved ones.**

**The strength and stability of our business makes it possible for us to fulfill our commitments to our customers, while access to global insight and expertise through our parent company, AIA Group, enables us to create relevant solutions that address our customers' needs.**



## ABOUT AIA



The business that is now AIA, was first established by Cornelius Vander Starr in Shanghai in 1919.

Since then, AIA has grown to become the largest independent publicly listed pan-Asian life insurance group, spanning 18 markets and serving the holders of more than 38 million individual policies and more than 16 million group scheme members.

Our contributions have supported the social and economic progress of our markets, while also advancing the reach and impact of life insurance across Asia. We also take pride in the long-term relationships we have developed with our customers and

agents; which in many cases have continued for generations.

Guided by our commitment to make a significant, positive impact on our customers and communities across Asia, AIA's purpose is to help millions of people live Healthier, Longer, Better Lives. Our Purpose guides the decisions we make and the actions we take as an organisation – 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 Asia is one of the most important and valuable things we can do for our communities, today and in the future.



The only international life insurer headquartered and listed in Hong Kong and  
**100% FOCUSED ON ASIA**




Serving the holders of more than  
**38 MILLION** individual policies and over  
**16 MILLION** participating members of group insurance schemes



**THE LARGEST LISTED COMPANY ON THE HONG KONG STOCK EXCHANGE**  
which is incorporated and headquartered in Hong Kong

**PRESENCE IN 18 MARKETS**

**NO.1**   
**WORLDWIDE FOR MDRT REGISTERED MEMBERS**  
The only multinational company to top the table for six consecutive years

**PAID MORE THAN US\$16 BILLION** benefits and claims during 2020, providing vital financial support for customers

Provides protection to people across Asia with total sum assured of almost  
**US\$2 TRILLION**

## ABOUT AIA PHILAM LIFE

The Philippine American Life and General Insurance Company (AIA Philam Life) is the country's premier and most trusted life insurer for over seven decades now. We focus our knowledge and experience on the Philippines and, as part of the AIA Group, are strengthened by their presence in the Asia-Pacific region.

**Our vision is to be the Philippines' pre-eminent life insurance provider, driven by our mission of racing against risk to protect every Filipino family and empower them to achieve healthier, longer, and better lives.**

**Almost 8,000  
agents**  
nationwide

**Almost 800,000**  
individual policies

**Almost 1,000,000**  
insured group  
members

**PHP1.39 billion**  
in capital for its  
life insurance  
license

**Excess capital  
4x the amount**  
set by the  
Insurance  
Commission

**PHP500 million**  
in capital for its  
non-life insurance  
license

**Over 5,000**  
group policies  
issued



HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES

## OUR STRENGTH

For over seven decades now, AIA Philam Life has been keeping its commitment to its customers and stakeholders.

We have been recognized many times, through awards and accolades from the Philippine government, from the business community here and abroad, from our peers in the industry, and through the continued trust of our policyholders.

As part of the AIA Group, we share a network of trust that has been painstakingly built across several countries for over a century. We remain strong and steadfast in our commitment, so that those who rely on us can enjoy better lives.

AIA Philam Life won two awards in the Digital Transformer and Information Visionary categories at the prestigious IDC Digital Transformation Awards 2020 for Fusion, its digital underwriting platform, which bested nominees across the Philippines.

The Philam Group was recognized for the third consecutive year as one of the Philippines' Best Companies to Work For in Asia 2020 as presented by HR Asia.

AIA Philam Life was feted by the Insurance Commission (IC) and The Institute of Corporate Directors (ICD) with two Golden Arrow Awards for its performance in the 2019 ASEAN Corporate Governance Scorecard (ACGS). This is the second consecutive year the Company has been recognized by the ICD.

AIA Philam Life received the Silver Award for Financial Advisers of the Reader's Digest Quality Service Award in 2020.

For the past 16 years, AIA Philam Life has been consistently recognized by Reader's Digest Asia's Trusted Brand Awards with 11 Platinum and five Gold awards. The recognition is based on consumer surveys measuring trustworthiness, credibility, quality, value, understanding customer needs, innovation and social responsibility.

In 2013, AIA Philam Life was recognized as the top performing company in the AIA Group by winning two prestigious awards – the AIA Premier League Cup and the AIA Champions' League Cup – for achieving the highest sales growth over target for the year.

In 2008, AIA Philam Life was recognized by the Philippine government, through the Overseas Workers Welfare Administration, for its outstanding programs for Overseas Filipino Workers.

AIA Philam Life received the Presidential Citation from the Philippine government for its contribution to nation building (1994).

AIA Philam Life was given the prestigious Asian Management Award for two consecutive years (1991 to 1992) for strong performance in General and Financial Management.

**Dear Shareholders,**

Prepare for the unexpected. While this has long been a maxim in our industry, it has never been more true than in 2020. Disruption, however difficult, proved to be both an ally and a teacher, spurring us forward to push against adversity.

Our efforts in the previous years to build and strengthen our digital capabilities have proven invaluable. We were able to respond swiftly as circumstances shifted business online, enabling us to continue serving our customers amid the lockdown.

Within weeks of the community quarantine, we were online and staying in touch with customers through our Facebook chatbot. We made an active decision and launched enhanced digital selling (EDS), online claims, webinars, and online training sessions. Within four months of the pandemic, we introduced the groundbreaking Coffee Closing, the leveled-up version of EDS, where the process of buying insurance is completed within 20 minutes—or before the customer's coffee gets cold.

The pandemic did not stop us from our mission to race against risk to help close the protection gap. Our Save Lives commitment—which shifted the focus away from insurance as a business to a way of saving people's lives—gave us a stronger sense of purpose, now renewed and even more relevant amidst the pandemic. It drove us to achieve close to 80 percent of the target we set in the number of lives we will save and the accompanying committed basic sum assured.

We completed the Protection Trinity line with the launch of AIA Med-Assist, a medical benefit product that provides medical coverage. This included a variant that extended these protection benefits to clients below 18 years old. We also made available AIA All-in-One that offered shorter pay periods that will benefit senior customers. This is in line with our desire to make protection more accessible to a wider range of people.

Our previous efforts and conscious decision to anchor our digital transformation on providing a seamless customer experience made it possible for us to respond quickly to the crisis. We were able to equip our employees and agents with the necessary tools so they can carry on their work even as they stayed safe at home. Our website and social media assets became our way to be accessible to the public, our



digital customer service platforms ePlan and iServe allowed our agency force to continue servicing our customers despite the closure of the Customer Service Centers, and iPoS helped our financial advisors facilitate end-to-end sales through the mobile platform.

We recognize that our mission of protection extends to the community. We saw that meaningful intervention can be achieved by helping bring peace of mind to our medical frontliners, and sought to provide this through the FIRST Initiative. This provided free compassionate coverage worth PHP50,000 to 30,000 health workers at our partner hospitals under the Philam Foundation's ALPHA consortium, translating to a total sum assured of PHP1.5 billion. To the larger community, we reached out through donations to marginalized sectors, medical workers' foundations, and charitable organizations.

And even as we remained steadfast in our commitment to customers, we continued to look after the health, safety and financial needs of our own frontliners in the AIA Philam Life family. Our digital tools and skills-building programs during the lockdowns were an assurance to our teams that business can and will go on. The economic assistance extended to our





The AIA Philam Life Management Team

financial advisors reinforced our commitment to their welfare, as did the programs we put in place for our employees and our third-party labor force.

As we start the year with a clean slate, we take the lessons of the previous year and strive for a strong recovery in 2021. We are thankful that the discipline we have built over the years—to balance agility with strong governance and calculated risk within the bounds of compliance—saw us through this difficult year.

We stay focused on our mission of racing against risk and will continue to protect every Filipino family, reaffirmed in

the knowledge that now, more than ever, these words hold so much weight and relevance to all of us.

Thank you, everyone, for your efforts. Thank you for your resilience and for rising to the challenge. We will go forward this year and regain our momentum. Together, we will continue to empower Filipinos to live Healthier, Longer, and Better lives.

**KELVIN ANG**  
Chief Executive Officer



**PHILAM LIFE**

HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES

# FINANCIAL HIGHLIGHTS

## REVENUE

First Year Ordinary Life (OL) products showed strong double-digit growth at 10 per cent compared to last year as the Company continues to embark on its strategy to shift to regular-pay protection products.

Despite the challenging environment brought about by the pandemic, total net premiums slightly grew by 1 per cent compared to 2020 due to the impact of lower business ceded to reinsurer.

Variable Life products declined by 10 per cent compared to last year, aligned with the strategy to shift to regular pay protection products.

## INVESTMENTS

Total invested asset expanded reaching PHP262 billion, with 1 per cent growth over last year despite the current market conditions. Investment income, net of investment expenses, amounted to PHP10.7 billion in 2020.

## POLICY BENEFITS

Benefits paid to policyholders declined to PHP1.9 billion from last year's PHP18.8 billion, mainly from lower redemptions in Variable Unit Linked (VUL) products.

## NET INCOME

Net Income at PHP5.5 billion down by PHP2.2 billion from last year mainly driven by non-operating losses from Foreign exchange (FX) movement and lower market value of investment properties. Further decline in net income is coming from lower investment returns with Company's strategy to shift from bond investments to equities.

## SHAREHOLDERS' EQUITY

Shareholder's Equity at PHP80.2 billion declined 12 per cent compared to last year, coming mainly from PHP8.9 billion dividend remittance during 2020 and impact of challenging market environment due to the COVID-19 pandemic.





## BUSINESS REVIEW

### AGENCY DISTRIBUTION

With the onset of the pandemic raising awareness on the importance of health protection, Filipinos became more proactive in learning and inquiring about insurance products. This became a good opportunity for financial advisors to open the discussion on protection, bringing back their focus on AIA Philam Life's mission of racing against risk to save lives, protect dreams, and secure the future of Filipinos.

In the face of the challenges and limitations presented by the restrictions imposed last year, financial advisors had no choice but to shift their way of doing business from face to face to digital, and grow their business innovatively through the platforms offered by the Company.

Digital selling via remote signature process was introduced in early April. In a matter of weeks, additional enhancements were made to simplify the process, drive faster adoption by financial advisors, and ensure good customer experience. Between April to December, almost half of the business generated was through digital selling, with majority of sellers generating business via digital selling.

In March, amid the Insurance Commission's (IC) suspension of licensing exams for financial advisors, recruitment engagement remained high through various digital recruitment activities for prospects, recruiters, agents, and leaders alike. Weekly thematic Business Opportunity Programs (BOP) on online platforms allowed for wider nationwide reach, bringing almost 25,000 prospects in 2020 from various regions and industries — the highest attendance the agency channel has seen in the last five years. Moreover, coaching sessions and live

Regular and thematic Business Opportunity Programs (BOP) shifted to online platforms in response to the pandemic, bringing in almost 25,000 prospects with its nationwide reach.

chats with leaders on digital recruitment helped bring leader participation up by almost 50 per cent.

The switch to digital platforms also paved the way for the development of online nurturing programs, recruit leads generation campaigns, and strong engagement in the social media-based community which facilitated faster dissemination of creative content to recruiters to attract prospects. Recruitment picked up and steadily increased once the issuance of temporary licenses resumed in June. However, the temporary licenses were suspended by regulators in mid-November, reopening only in mid-December but with restrictions on number of slots and offered only in Metro Manila. To sustain the healthy stream of exam-ready recruits, nurturing activities and regular BOPs were continued even after the restrictions were lifted.

The next four years will focus on significantly increasing the agency sales force, with the help of the Company's technology, digital and analytics (TDA) strategy in its efforts to level up the fulfilment of its mission of racing against risk. Various initiatives and programs to double the Agency Leaders over the next three years have been put in place to sustain the continuous growth of the agency force.

To date, a number of TDA projects are in the pipeline to enhance the digital sales platforms and increase the financial advisors' capacity to do business via social media. With these tools working side by side with supporting programs to drive expansion, the Agency Sales Group is confident that it will withstand bigger challenges, maximize new opportunities, and further scale up the agency force.

### CORPORATE SOLUTIONS

Corporate Solutions used the challenges brought on by the pandemic as an opportunity to reassess the way it does business and implement changes to adapt to the new normal.

Corporate Solutions achieved over 100 per cent of its Operating Profit Before Tax forecast, with almost quadruple growth for Employee Benefits and double-digit growth for Credit Life compared to previous year. This also resulted in a better Combined Ratio of 90 per cent for Employee Benefits, while Value of New Business (VoNB) for Employee Benefits likewise posted double-digit growth and over 100 per cent achievement versus target.





Key to achieving these numbers are the penetration of the small and medium enterprise (SME) market through AIA Philam Life's bancassurance channel BPI-Philam, a dedicated Direct Sales Channel team, and the launch of a strong Agency Target Operating Model targeting the SME market. Having a dedicated team handling Direct Sales Channel resulted in an uptick in the VoNB growth rate, while the better Employee Benefits VoNB, Combined Ratio and Operating Profit Before Tax, and the lower Benefit Ratio can be attributed to better

management of expenses. This was the result of Corporate Solution's efforts to manage the quality of accounts being brought in, and the better management of expenses.

Corporate Solutions was able to end the year with over PHP2 billion in Total Weighted Premium Income (combined AIA Philam Life and BPI-Philam), more than 5,000 policies in force, and almost 1 million group insured members.



**01** AIA Philam Life Brand Ambassadors Nico Bolzico, Raymond Gutierrez, Wil Dasovich and Anton del Rosario join the AIA Group-initiated online event, AIA Live, where AIA Brand Ambassadors across 18 markets led by David Beckham came together for an online health and wellness day.

**02** AIA Philam Life Brand Ambassadors Nico Bolzico and Solenn Heussaff hosted Tea Time with the Bolz, the lifestyle media event held to launch AIA Med-Assist for children. They were joined by popular influencer couple, Slater and Kryz Young from Cebu, and AIA Philam Life Head of Products, Ten Paras.

## MARKETING

### BRANDING AND COMMUNICATIONS

With the pandemic effectively halting the implementation of on-site marketing activities, Branding and Communications shifted all its initiatives to online while at the same time strengthening its digital capabilities.

AIA Med-Assist was launched amid the chaos of the pandemic, with well-known artist Gary Valenciano representing the product. The launch was supported with strong presence via digital channels and PR.

From a branding standpoint, the biggest initiative for the year was the Tuloy Ang Buhay campaign where the partnership with Gary Valenciano extended from product endorsement to being officially introduced as one of the AIA Philam Life Brand Ambassadors. Gary Valenciano, whose successful recovery from open heart surgery and kidney cancer despite his type 1 diabetes made him the perfect representative for a brand owning the protection space.

Tuloy Ang Buhay was augmented by a PR-driven campaign called Save Lives, where the Company’s commitment to help close the country’s protection gap was encapsulated in a dashboard reported publicly on a regular basis through various channels. This was supplemented by other initiatives in different channels such as the Company’s social media assets, online publications, and TV.

Several online media events were conducted for the year, kicked off by the annual first quarter Business Media Round Table where AIA Philam Life Chief Executive Officer Kelvin Ang, together with Chief Financial Officer Gary Ogilvie and Chief Marketing Officer Leo Tan shared with the business media the Company’s Save Lives target, alongside the status of the business and its plans moving forward in response to the pandemic situation.

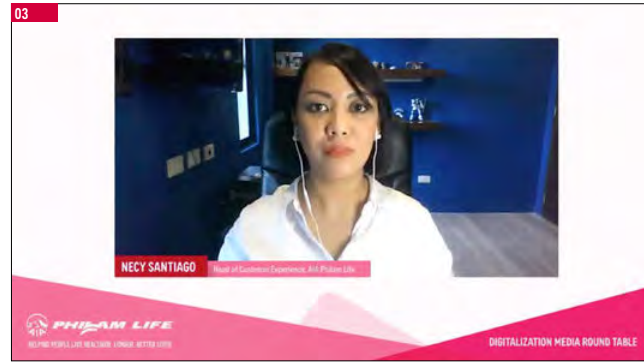
In August, the AIA Philam Life Brand Ambassadors Nico Bolzico, Wil Dasovich, Raymond Gutierrez and Anton del Rosario took part in the AIA Group-initiated online event, AIA Live, where AIA Brand Ambassadors across 18 markets led by David Beckham came together for an online health and wellness day to share their thoughts, insights and practical sessions to inspire, educate and motivate people towards living a healthier, longer and better life.

This was followed by a lifestyle media event hosted by AIA Philam Life Brand Ambassadors Nico Bolzico and Solenn Heussaff, Tea Time with the Bolz, to launch the latest protection product for children, AIA Med-Assist for Juvenile.

By October, AIA Philam Life reaffirmed its leadership in the digital sphere with its second annual Digitalization Media Round Table where the lifestyle and tech media were introduced to its latest innovation, the Coffee Closing Project, where a sale is completed within 20 minutes—or before the customer’s coffee gets cold.

The digitalization media event was followed by the week-long online hackfest, AIA Philam Life Hackers 2020, where over 400 students forming more than 80 teams from over 80 schools nationwide participated. With over a hundred employees across the Company and its affiliates participating as mentors and subject matter experts, the activity not only generated innovative ideas from the Gen Z, but also helped cultivate the culture of innovation.

On the digital front, AIA Philam Life partnered with Lemnisk to launch a Customer Data Platform (CDP) for an intelligently orchestrated and personalized customer experience. At its pilot engagement, Lemnisk will amplify AIA Philam Life’s digital leads funnel and increase existing customer engagement on its digital properties.



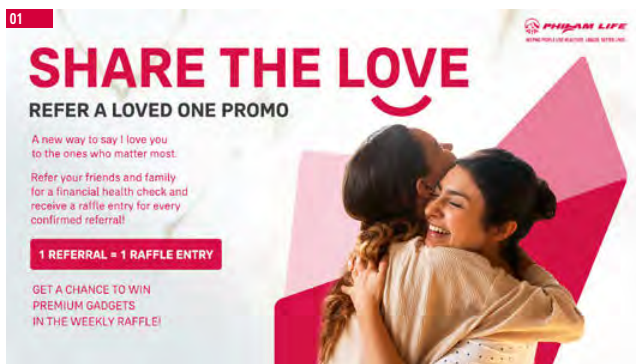
**03**  
The Digitalization Media Round Table is the annual media event hosted by Branding and Communications to showcase its latest digital innovations. Necy Santiago, Head of Customer Experience, is shown here presenting Coffee Closing to the media.

**04**  
Over 400 students from more than 80 schools comprising 80-plus teams participated in AIA Philam Life Hackers 2020. The week-long hackfest was held completely online on its second year.

In mid-November, the last Business Media Round Table for the year was held, with updates on the business and the Save Lives dashboard shared, and the latest funds launched by Products, the AIA Philam Life Elite Funds, introduced. AIA Group Chief Investment Officer Mark Konyn and AIA Philam Life Chief Investment Officer Arleen Guevara graced the event to formally launch these global investment funds to the business media.

To close the year and the year-long Tuloy Ang Buhay campaign, a social media campaign encouraging people to share posts recognizing and appreciating the people or hobbies that helped them during the lockdown was rolled out in December.

With the pandemic disrupting plans that had been in the pipeline, Branding and Communications’ agile shift to digital helped minimize the impact of the current situation and allowed it to maximize the advantages of online channels.



**01** Share the Love, Customer Strategy's award-winning customer referral program, generated 15,000 leads.

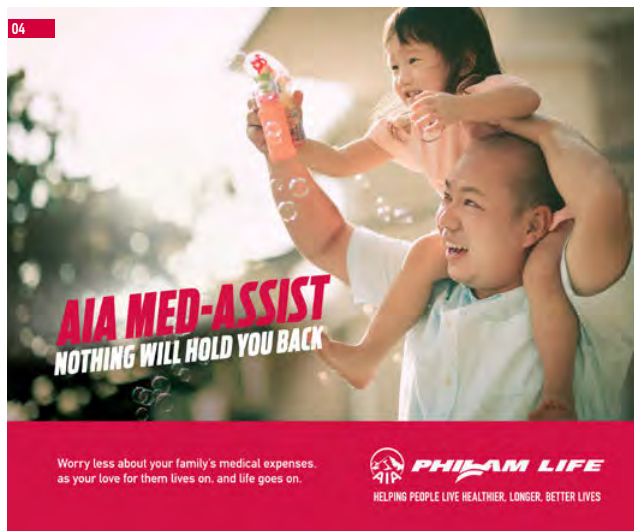
**02** The resell campaign for existing customers, Forever Love, registered the highest conversion rate and production in 2020.

**CUSTOMER STRATEGY**

In the second half of the year, an online referral campaign was launched to create a 'viral movement' leveraging on AIA Philam Life's network of financial advisors to generate leads from their own social media network through engaging content. The campaign, called Share the Love, is centered on the message of showing one's care for friends and family through a free financial health check referral. This resonated strongly with Filipinos and advisors alike, especially during a time of pandemic and social distancing.

The campaign's success was validated when it received recognition as the Most Cost Efficient Campaign at the AIA Marketing Excellence Awards, where it bested entries from 18 countries. Share the Love did not only generate 15,000 leads, predominantly from almost 2,000 participating financial advisors, it also delivered warmer leads to these advisors and gave them a reason to re-engage with their customers.

A resell campaign aptly named Forever Love was launched in mid-September, encouraging existing customers to leave a legacy without worries with AIA Philam Life's AIA All-in-One five and ten-pay. The campaign registered the highest conversion rate and production in 2020.



**03** In November, Products launched a new fund in collaboration with AIA IM, the AIA Philam Life Elite Funds, to give Filipinos access to global investments.

**04** Products completed its protection trinity offering with the launch of AIA Med-Assist in March.

**PRODUCTS**

2019 saw AIA Philam Life begin its shift to protection journey with the introduction of innovative products that address the most common protection needs of customers: life and health coverage. This year, the Company continued the journey, with the strong proposition on protection becoming more relevant in a time of pandemic.

By March, the protection trinity product line covering life, critical illness and medical coverage was completed with the launch of AIA Med-Assist. The product was borne out of the Company's deep understanding of the medical needs of customers, and was also made available to BPI-Philam,



AIA Philam Life's bancassurance channel, where it is called MedLife Protect Plus. Despite being launched a few weeks before the lockdown, the product became one of the top-selling products of both agency and bancassurance.

Amid the lockdown following the surge in COVID-19 cases, Products worked closely with Philam Foundation to develop a product that will provide free compassionate benefit coverage worth PHP50,000 to 30,000 medical frontliners from the Foundation's partner hospitals. The program, called the Frontliners Inclusive Risk Safety net, or FIRST Initiative, provided coverage with a total sum assured of PHP 1.5 billion.

With the continued advocacy for protection and a clear focus on the Company's mission to race against risk, existing products were enhanced to extend coverage from the usual 18-65 years old and provide more meaningful coverage to customers. In September, the AIA Med-Assist for juvenile customers was launched while AIA All-in-One five-pay and ten-pay options were made available, providing the same comprehensive life coverage to more senior customers and empty-nesters.

By the end of the year, and with the completion of the protection trinity products, Products introduced new funds that gave Filipino investors access to global investments, in collaboration with AIA Investment Management (AIA IM), the exclusive investment arm of AIA Group, and a leading asset owner and institutional asset manager. Managed by AIA IM and external fund managers Baillie Gifford, Wellington Management and BlackRock, the Fund comes in three variants that address the customer's risk appetite and is available through existing products: Family Provider and MoneyWorks.

### PHILAM VITALITY

As COVID-19 continues to impact lives on a massive scale, Philam Vitality's unique value proposition of rewarding people for making healthy choices and reaping the long-term benefits of healthy behavior, has resonated stronger than ever. A first-of-its-kind comprehensive wellness program in the Philippines, Philam Vitality leverages on its robust science-backed and evidence-driven strategy, to help fulfill AIA Philam Life's mission to race against risk and empower more Filipinos to live healthier, longer, better lives.

#### Membership and Engagement

Philam Vitality saw an increase in its membership in 2020 versus the previous year, fuelled by its distribution force's agility to adapt to digital selling as an alternative mode of reaching customers, as well as its aggressive efforts to continuously build a culture of health and wellness. With almost 130,000 members as of year-end, Philam Vitality remains a force to reckon with as the wellness program of choice among Filipinos.

Philam Vitality opened 2020 strong with double-digit member engagement, but experienced a slight dip in March 2020 at the beginning of the pandemic. Recognizing the urgency to bounce back and address the drastic shift in consumer lifestyle and the unprecedented digital transformation—Philam Vitality recalibrated its strategies to draw up an agile game plan and accelerate its members' adoption to the new, better normal.

As part of this strategy, Philam Vitality launched its COVID-19 initiatives in March 2020, focusing on keeping its members on track with their wellness journey despite limited opportunities to stay healthy. This included regularly releasing bite-sized healthy hacks on how members can stay healthy and positive even while stuck at home. The communication materials touched on home workouts, sleep benefits, online health assessments, nutrition, mental health, immunity boosters, work from home tips, and many more.

With the heightened concern on safety and the challenges of limited mobility during the lockdown, Philam Vitality likewise leveraged on digital solutions to keep members engaged. To match the pace of digital disruption and evolving customer preferences, Philam Vitality rolled out the Virtual Vitality Nutrition Consultation where members can monitor their nutritional health and keep earning points from the safety of their homes. Other enhancements included the addition of GCash credits as a weekly reward. A "donate to charity" feature lets members donate these weekly rewards to the #FightCOVID19 drive, while enjoying the convenience of online banking, purchases, bills payment, and other cashless digital solutions. Proceeds from the drive were shared by seven local non-government organizations to help purchase medical gear and equipment for frontliners and hospitals, as well as provide relief goods for marginalized families affected by the enhanced community quarantine.

To sustain member engagement in the program, Philam Vitality launched the Philam Vitality Weekly Surprises campaign, as well as the Philam Vitality Level Up Challenge promo. These campaigns helped amplify Philam Vitality's value proposition of rewarding healthy choices by giving members a chance to win prizes for staying healthy while stuck indoors. And to ensure that new members reap the rewards of living healthy at the get-go, free fitness trackers were raffled off monthly to those who will reach Silver Philam Vitality Status within the first 90 days of their membership.

As an extra push for members to stay in tip-top shape by hitting their weekly fitness goal, new reward partners were introduced. These include GrabFood, to provide the convenience of online food delivery service, and Robinsons Supermarket, to promote healthy eating through its fruit and vegetable selections. And as a gift of good health, Philam

Vitality treated its members to a free Vitality Health Check during their birth month, which was eventually extended throughout the year to accommodate pandemic limitations.

As a result of these aggressive campaigns to promote health and wellness amidst the pandemic, Philam Vitality saw a marked improvement in its member acquisition and engagement, ending 2020 with sustained membership numbers and an uptick in engagement, bouncing back from its lowest point in March at the start of the pandemic.

### **Distribution**

With sales performance feeling the brunt of the pandemic, Philam Vitality supported the distribution force through initiatives that promoted business building. Among these is the Philam Vitality Client Wellness Forum, a monthly online event featuring speakers tackling health and financial wellness topics. To differentiate the forum from other wellness talks, the discussion was kept light, fun and relevant. On different occasions, the talks were graced by AIA Philam Life Brand Ambassadors Raymond Gutierrez, Solenn Heussaff, Nico Bolzico, and Wil Dasovich. The biggest crowd-drawer was the forum featuring former AIA Philam Life President and CEO Rex Mendoza.

Another initiative was the National Vitality Assembly and Grand Activation Day, a monthly learning session where experts were invited to talk on various topics such as social media brand building, image enhancement, mindfulness and mindset, among others. Each session included the recognition of Philam Vitality top performers and winners of the Vitality Coach of the Year monthly search.

Philam Vitality also launched the Vitality Coach at Home series which aimed to maintain and develop the skills of its sales force, especially during the lull in operations. The initiative helped sustain program mastery and productivity of its sales force through reference materials that guided them on how they can help their existing customers stay healthy and engaged while staying in the safety of their homes. The coaching series also honed their digital selling skills as a new avenue for business acquisition.

### **Technology and Operations**

Philam Vitality continues to invest in data and technology to maintain a robust operating environment that is well-equipped to support future innovation, improve customer-centricity and drive efficiency across its service delivery value chains.

A key system enhancement undertaken in 2020 was the implementation of the Real-time Vitality Enrolment project. This allowed the distribution sales force to on-board new customers at point-of-sale by activating their Philam Vitality

account on the spot and getting them started right away in their wellness journey.

To scale up customer support through quick and easy access to information, frequently asked questions about Philam Vitality were subsumed in AIA Philam Life's AYA and BPI-Philam Life's Bessie chatbots across their digital assets such as Facebook messenger and Viber.

Groundwork for the new MyPage Vitality app also started in 2020. The app aims to merge the current Philam Vitality member portal and two apps into a single, one-stop-shop next-gen app, for a more seamless five-star customer experience. Full public launch of the new app is slated for the second quarter of 2021.

### **Conclusion**

At the core of AIA Philam Life's mission to race against risk and protect lives lies a deeper purpose: to enhance its customers' lives through long-term improvements in their health, and ultimately, a longer life expectancy. With Philam Vitality's personalized wellness tools and intuitive rewards, marked improvement was noted in customers' health numbers within the past two years in terms of moving the needle from unhealthy levels to within the healthy range: 36 per cent for body mass index, 61 per cent for blood pressure, 45 per cent for cholesterol, and 73 per cent for blood glucose.

Moreover, members have improved their Philam Vitality Age by 0.79 of a year on the average, within the last two years. Philam Vitality Age measures how healthy a person is relative to one's biological age based on his/her overall well-being in terms of fitness, nutrition, mental health and other contributing factors. By continuously engaging with Philam Vitality and living a healthier lifestyle, members can lower their Philam Vitality Age and prevent associated health risks through the recommended personalized pathways towards achieving their individual health goals.

In a year that was marked by a sweeping threat on global health, Philam Vitality, through its data-driven strategy to improve long-term healthy outcomes, continued to lead its customers every step of the way to living healthier, longer and better lives.

## **INVESTMENTS**

Generating optimal investment returns continues to be the primary objective of Investments, with the portfolio being deployed in fixed income, equity and real estate assets.

Mindful of the increased volatility in the financial markets in 2020, particular strategies were directed toward strengthening AIA Philam Life's liquidity position, portfolio diversification, credit risk management, and capturing opportunities resulting from market dislocations.

Maintaining high asset quality remains a priority, while Environment, Social, and Governance (ESG) factors became increasingly more important in the investment decision-making process. ESG standards were updated, expressing a much stronger resolve and effort to pursue 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.

Investments continue to support the various distribution channels by conducting regular investment market updates through multiple platforms, and by providing innovative investment solutions for new and existing insurance products.

## REAL ESTATE

Very low market movement and slow construction activity characterized the real estate market in 2020, owing to the pandemic. Nevertheless, Real Estate supported the business by ensuring a safe workplace environment and facilities for employees and customers through measures that help prevent the spread of the COVID-19 virus. In addition, Real Estate advanced the transformation of company facilities into spaces that contribute to the enhancement of agility and collaboration in the workplace.

This year marked the completion of the renovation of the San Pablo City agency office, and the start of the renovation of the company head office in Bonifacio Global City, and the customer service center and agency office in Binondo, Manila.

To further enhance the profitability of the Company's property portfolio, Real Estate adopted a strategy to concentrate on the operation of properties with higher revenue potential, and continue to streamline owned real estate assets through the disposition of properties with low market potential and which do not contribute to the needs of the insurance business.

## INSURANCE OPERATIONS

In 2020, the pandemic became an opportunity for Operations to fast-track AIA Philam Life's digitalization projects, contributing greatly to the fulfillment of the Company's mission of racing against risk.

Several initiatives which addressed the need for stronger digital platforms were launched during the year. At the heart of these projects were the customers, with solutions that reinvent their journey with AIA Philam Life, and designed with

their evolving needs in mind. As customer needs changed, especially during the pandemic, it was important for the Company to consistently deliver on its service promise backed by technological enablers. Rising to the challenge, the Company was able to provide excellent customer experience through digital initiatives anchored on what's useful, convenient, efficient, and accessible.

- **Customer-first approach to innovation.** Wearing the customer's hat and empathizing with their experience has always been essential in crafting and implementing future-proof processes and reimagined solutions. Business decisions were made based on a comprehensive review of current customer experience, taking a creative approach to the proposed solutions, and supported with rapid prototyping. All these comprise the design experience philosophy, which paved the way for collaborative learning sessions and human-centered design sprints. A customer learning lab jumpstarted a series of sprints to help realize new opportunities to better care for customers.
- **Operational enhancements for ease of doing business.** With a convenient and delightful journey for customers and distributors in mind, the Company streamlined its approach to new business. By mid-2020, Operations launched the Coffee Closing Project, which allows customers to have new policies in under 20 minutes, or 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.
- **24/7 connections for stronger customer engagement.** Aya of AIA Philam Life, a chatbot available on Facebook Messenger and on Viber, was also launched last year in response to the need to provide customers alternative means of reaching the Company. Through Aya, customers received quick answers in just a few clicks, and on a platform that they frequently use. Aya embodies AIA Philam Life's adoption of agile methodology, deployed to the public in as fast as four working days. In less than three months from its launch, Aya has engaged more than 9,000 users in meaningful conversations on premium status, policy details, and steps to take when filing claims or participating in rewards programs.

- **First-of-its-kind, flexible rewards program.** Amid the global pandemic, it was important for AIA Philam Life to heavily reinforce the importance of being protected. To provide an even more delightful and worthwhile journey to customers, the Company introduced the AIA Philam

Life Rewards Program, which grants points to those who perform simple actions on their policies such as registering to ePlan, the Company's secure customer portal, or making a top-up to their premiums. The points may be exchanged for vouchers honored in merchant partners nationwide, one of the numerous ways the Company continuously engaged customers throughout the pandemic.

- **Adoption of digital means to fulfill promises.** Aside from creating a platform that provides customers a swift means to secure continued protection, equally important is the excellent after sales service that the Company must provide. Among the steps AIA Philam Life took was to digitalize its claims process. Now available on the corporate website is an interactive platform that enables customers to process claims requests from the safety and comfort of their homes.

Despite the unprecedented pandemic, Operations was able to ensure that AIA Philam Life stayed true to its commitment to customers, partnering with them and embracing technology as the means to provide excellent service delivery throughout their journey with the Company.

Much was accomplished in 2020 and with the pandemic presenting an extended challenge, this is only the beginning for the many initiatives already in the pipeline. With the staunch support of distribution partners, collaborators, and other stakeholders, Operations is looking forward to sustain the momentum of 2020, and take AIA Philam Life to greater heights in providing customers best-in-class experience in the Philippine life insurance industry.

## **INFORMATION TECHNOLOGY**

Information Technology (IT) stood at the forefront of business resiliency and daily operations, both as a response to the pandemic but also to the rapidly changing insurance digital landscape. IT responded with speed and agility, overcoming the pandemic disruption with its business continuity protocols and projects that successfully developed a more responsive, resilient, and robust technological landscape for AIA Philam Life. IT continues to enhance the Company's workforce solutions to enable its core resources to work remotely while delivering innovative and customer-centric solutions.

The key milestone for 2020 was the early implementation of **Project Fusion**, an award-winning Artificial Intelligence (AI)-enabled auto-underwriting system which garnered digital

Fusion, AIA Philam Life's Artificial Intelligence (AI)-powered underwriting process, wins in the Digital Transformer and Information Visionary categories of the prestigious 2020 IDC Digital Transformation Awards, besting other nominees across the Philippines.



transformation and innovation accolades from renowned organizations such as the IDC and the Digital Insurer.

In March, IT launched the **Falcon Program** to swiftly uplift digital capability across the various business units in four key areas: Remote Agency Meetings/ Communication, Remote Sales, Digital Training and Digital Recruitment to further enhance business resiliency.

By September, IT's collaboration with Operations gave birth to **Coffee Closing**, AIA Philam Life's digitally enabled sales channel where agents can virtually meet clients and facilitate the end-to-end sales closing process. Coffee Closing significantly reduced turnaround times with the implementation of digital Policy Approval, Payment Posting, and Policy Issuance.

Finishing the year strong with another customer-oriented project, the **Claims MVO chatbot** was implemented in November, effectively digitalizing several steps of the claims process, and enabling customers to digitally file their claims request.

On top of implementing various digital initiatives that improved the sales and customer experience journey, 2020 marks the implementation of Agile Development, one of the key initiatives that drive AIA Philam Life's digital transformation efforts. The Company continues to digitally evolve by incorporating transformative technologies, frameworks, structures, and methodologies as it modernizes its application and infrastructure footprint. By 2021, IT is poised to usher in more initiatives that will strengthen AIA Philam Life's digital leadership in the Philippine life insurance industry with cloud-ready systems that will allow the Company to leverage various cloud capabilities and further enhance business integration, innovation, and growth.

## OUR PEOPLE

### “I grow professionally and personally during my time in AIA Philam Life.”

AIA Philam Life’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, AIA Philam Life employees exhibit a high-performance culture that shows care and respect for its people.

AIA Philam Life subscribes to a comprehensive and holistic development in the belief that each employee can make a difference. The Company’s 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 experience such as experiential learning, new project exposure, and job rotation and mobility to broaden their perspective and support their career aspirations.

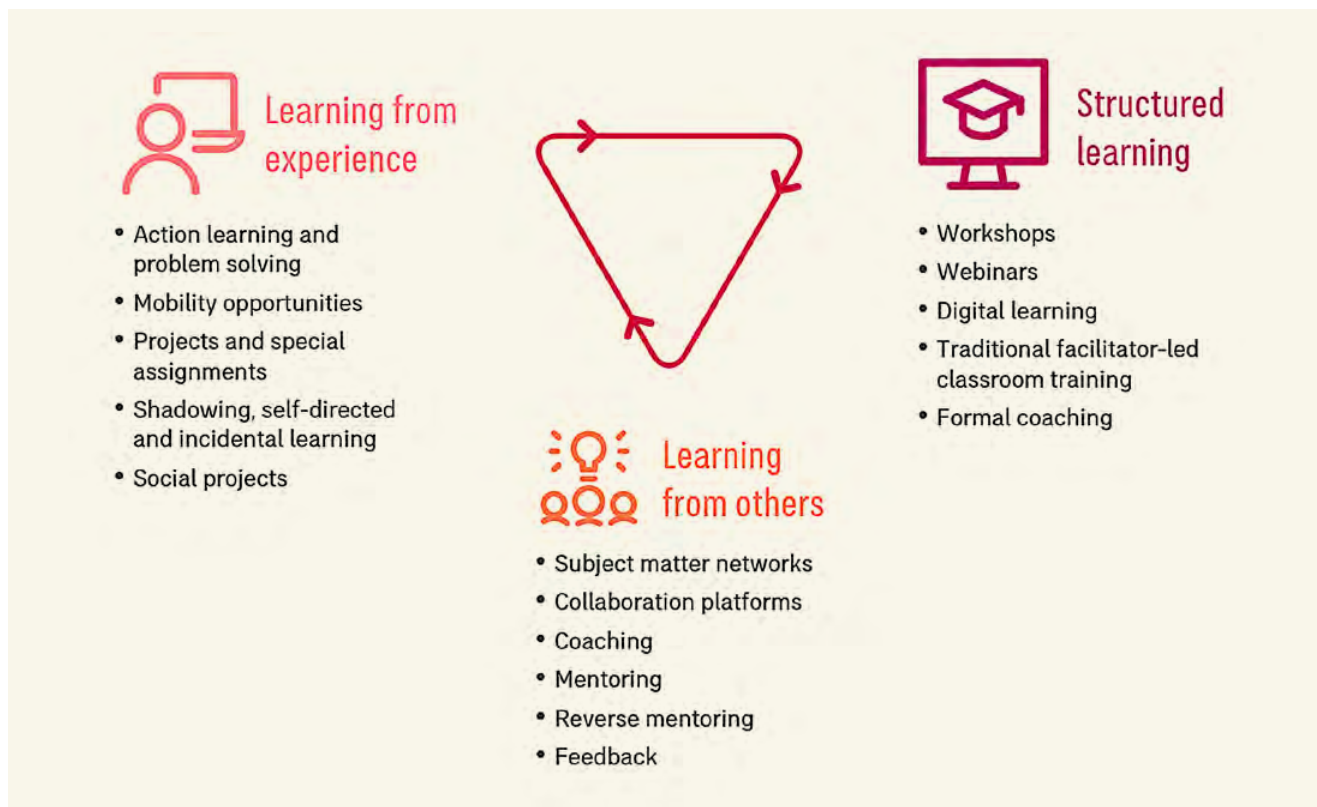
### LEARNING FROM OTHERS

Peer learning is an effective way for employees to learn from others. Coaching is a critical aspect of a manager’s development of their teams. In addition, conferences, company events, networking opportunities, and regular team meetings can be venues where they can share their thoughts and suggestions, creating a natural setting for peer learning. Aside from Coaching, Mentoring and Reverse Mentoring are other development activities that HR currently facilitates 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 the team members’ skills and capabilities. HR has also invested in providing different online learning platforms to make learning accessible, contributing to the overall development of employees.

AIA Philam Life has an array of Core Programs that aim to address the needs of different segments of the employee workforce, targeted for Individual Contributors, People Managers, and Senior Leaders in the Company. Below are the programs implemented to support the different developmental needs of its employees:



2020 AIA Philam Life Employee Demographics, by employee category and gender							by location		
EMPLOYEE CATEGORY	FEMALE		MALE		GRAND TOTAL		REGION	Number	Percentage
	Number	Percentage	Number	Percentage	Number	Percentage			
<b>Employee (Rank and File)</b>	395	52%	229	30%	624	82%	<b>Luzon</b>	710	93%
<b>Junior Supervisory</b>	2	0%	2	0%	4	1%	<b>Mindanao</b>	27	4%
<b>Middle Management</b>	56	7%	37	5%	93	12%	<b>Visayas</b>	28	4%
<b>Senior Management</b>	26	3%	18	2%	44	6%	<b>GRAND TOTAL</b>	<b>765</b>	<b>100%</b>
<b>GRAND TOTAL</b>	<b>479</b>	<b>63%</b>	<b>286</b>	<b>37%</b>	<b>765</b>	<b>100%</b>			

### #IAMPHILAM New Employee Orientation Online Course

An online course designed for all new joiners to understand the Company's Vision, Mission, and Strategic Priorities, including other employee essentials that are unique to working in AIA Philam Life and how these contribute to the Company's overall mission.

### Your Role in Safeguarding AIA's Interest

An eLearning course that increases the employee's awareness of critical regulatory issues and conduct that are key to preserving the brand image, reputation, and transparency of the Company.

### Performance Development Dialogue Series

A virtual session that provides clarity on employee expectations and the progress made to help them become aware of how they contribute to the Company's shared success.

### I Make It Possible 2.0

A three-day virtual session that highlights the four Skills of Accountability which address the gaps that impact the employee's ability to deliver seamless and delightful internal or external customer experience.

### Life Office Management Association (LOMA)

An international trade association for the insurance and financial services industry that provides globally recognized educational resources and products that illuminate new ideas and ignite potential. It helps career advancement and performance development by building a deeper understanding of the best practices in the insurance business.

### Leadership Pitstop

Monthly learning activity for all managers, Mancom, and Exco members of AIA Philam Life focusing on different topics not only relevant to the business strategies but also to the industry.

### Enterprise Leadership Program

An executive development program that is designed to help the senior leadership team embrace the AIA Operating Principles and Leadership Essentials, as well as achieve the Company's ambitions.

### LinkedIn Learning through Workday Learning

Anchored on Workday, HR's software system, are online learning courses accessible to employees anytime, anywhere through their desktop computer, laptop or mobile phones. More than 16,000 LinkedIn Learning courses are made available to provide different materials on creative, business, and management to address different learning needs of employees.

### Udemy for Business

An online platform specifically designed for employees with technical development needs as they work on different projects related to technology, digital, and analytics. Employees can earn online certifications and short courses coming from reputable institutions and subject matter experts.

AIA Philam Life regularly updates its employees about various learning and development opportunities through numerous internal communications channels. The Company 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.

### PROMOTING HEALTH AND WELL-BEING

AIA Philam Life has its own program that allows people to take charge of their health by helping them lead a healthier lifestyle, 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 Company. 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 Company.

2020 Employee Trainings/Programs			
	No. of Employees	Hours	Total Hours
<b>INDIVIDUAL CONTRIBUTORS</b>			<b>7,072</b>
New Employee Orientation Program Face-to-face Session	2	16	32
New Employee Orientation Program Virtual Session	12	24	288
New Employee Orientation Program Online Course	16	6	96
Your Role in Safeguarding AIA's Interest Online Course	30	5.5	165
I Make It Possible 2.0 Virtual Session	67	6	402
LinkedIn Learning Courses	184	6.7	1,233
Life Office Management Association	58	8.5	493
Udemy for Business	32	1.4	45
#AIAPHILAMCARES: Boosting Motivation during Crisis	100	2	200
Data Storytelling	12	8.5	144
			<b>3,098</b>
<b>MIDDLE MANAGERS</b>			<b>16,02</b>
New Employee Orientation Program Face-to-face Session	4	16	64
New Employee Orientation Program Virtual Session	19	24	456
New Employee Orientation Program Online Course	22	6	132
Your Role in Safeguarding AIA's Interest Online Course	45	5.5	247.5
I Make It Possible 2.0 Virtual Session	33	6	198
LinkedIn Learning	94	5.1	479.4
Life Office Management Association	17	8.5	144.5
Udemy for Business	36	1.5	54
Joint Leadership Pitstop	80	20	1600
#AIAPHILAMCARES: Coaching Working-from-Home Employees	100	2	200
#AIAPHILAMCARES: Psychological First Aid for Managers	100	2	200
Data Storytelling	10	8.5	85
			<b>3,860</b>
<b>SENIOR LEADERS</b>			<b>18,89</b>
New Employee Orientation Program Virtual Session	8	24	192
Your Role in Safeguarding AIA's Interest Online Course	8	5.5	44
I Make It Possible 2.0 Virtual Session	1	6	6
LinkedIn Learning	17	3	51
Life Office Management Association	1	8.5	8.5
Udemy for Business	4	6.5	26
Joint Leadership Pitstop	30	20	600
Data Storytelling	2	8.5	17
			<b>945</b>

## REWARDING PERFORMANCE

AIA Philam Life provides a dynamic work environment that encourages employees to bring their best to work each day. In return, the Company offers a Total Reward program 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.

AIA Philam Life's Reward Philosophy 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 subscription from employees have been steadily increasing, demonstrating commitment to the long-term success of AIA Philam Life.

## PHILAM FOUNDATION

The year was supposed to mark the completion of the 2019 commitments made by the Philam Foundation as part of the celebration of the AIA Centennial, the 100 for 100, with 100 hospitals targeted for inclusion into ALPHA's cancer registry program, 100,000 participants educated through the Philam SAVES program, and 100 classrooms built for Philam Paaralan.

By March, the programs had to be halted due to restrictions imposed because of the pandemic. ALPHA continued initiatives through online platforms, achieving 100 per cent and above of its targets.

Philam Foundation also spearheaded various initiatives in response to the pandemic. Initially, the Foundation provided support to various organizations that sought to alleviate the financial impact of the pandemic on members of the community. In April, the Foundation launched FIRST Initiative, its COVID-19 response program aligned with the company's mission of racing against risk to protect Filipinos.

## ALPHA

ALPHA focused on four cancer-related initiatives for the year, with the objective of growing its hospital partnerships and implementing various activities that supported its cancer registry projects.

Key initiatives/ Projects for the year	Results Target – Actual % Accomplishment	Key highlights for the year
<b>Installation of Hospital Based Cancer Registry</b>	100 – 100 100%	Institutionalization of Hospital Based Cancer Registry in all training hospitals of the Philippine College of Surgeons nationwide.
<b>Nationwide Cancer Research</b>	4 national researches for the period of 2019-2022 – 4 active and ongoing 100%	Unique national researches on Lung Cancer, Blood Cancer, Liver Cancer and Pathways of Improved Cancer Surgical Outcomes in the Philippines
<b>Engagement of Physicians and Surgeons on Cancer Advocacy</b>	100 – 2746 2746% increase in number of engaged individuals	4 webinars on cancer care conducted, 1 General Summit on Tumor Board
<b>Trained Hospital Data Encoders (Tumor Registrars)</b>	100 – 116 116% trained individuals on how to use the hospital-based cancer registry	1 general assembly of data encoders and hospital partners for the hospital-based cancer registry

## PHILAM PAARALAN

The Philam Paaralan program aims to empower the Filipino youth by building classrooms in calamity-stricken, unserved and/ or under-served areas around the country. Philam Paaralan sought the completion of its school-building projects as part of the AIA Centennial initiative that kicked off in 2019.

### In Numbers

<b>Target for 2020</b>	100
<b>Actual 2020</b> as of December 31, 2020	100
Constructed	25
Turned Over	75
<b>% Completed as of end 2020</b>	100 classrooms (100%)
<b>Target number of classrooms for the whole program</b>	290 Philam Paaralan classrooms built in all 83 provinces in the Philippines
<b>Actual</b>	255
<b>% Accomplished as of end 2020</b>	88%
<b>Target number of provinces for the whole program</b>	83
<b>Actual</b>	66
<b>% Accomplished as of end 2020</b>	80% of all provinces in the Philippines have at least one Philam Paaralan classroom

### List of Provinces

Apayao	Davao Oriental	Nueva Vizcaya
Agusan del Sur	Eastern Samar	Occidental Mindoro
Aklan	Guimaras	Oriental Mindoro
Albay	Ifugao	Palawan del Norte
Antique	Ilocos Norte	Palawan del Sur
Aurora	Ilocos Sur	Palawan Oriental
Basilan	Iloilo	Pampanga
Batanes	Isabela	Pangasinan
Batangas	Kalinga	Quezon
Benguet	La Union	Quirino
Biliran	Laguna	Rizal
Bohol	Lanao del Norte	Romblon
Bukidnon	Lanao del Sur	Siquijor
Bulacan	Leyte	Sorsogon
Cagayan	Maguindanao	South Cotabato
Camarines Norte	Marinduque	Sultan Kudarat
Camarines Sur	Masbate	Surigao del Norte
Camiguin	Misamis Oriental	Zambales
Capiz	Negros Occidental	Zamboanga del Norte
Catanduanes	Negros Oriental	Zamboanga del Sur
Cebu	North Cotabato	Zamboanga
Compostela Valley	Northern Samar	Sibugay
Davao del Sur	Nueva Ecija	





**01** ALPHA donated 100 Kamay Gabay breast cancer beads to the Taguig City Local Government Unit (LGU) in November, in partnership with I Can Serve Foundation in celebration of the Breast Cancer Awareness Month. Taguig City Mayor Lino Cayetano (standing, left) is joined by the I Can Serve Team for the turnover.

**02** Philam Paaralan, in partnership with LBC Foundation, turned over two newly built classrooms to Kalalake Elementary School in Olon-gapo City, Zambales.

**03** AIA Philam Life Financial Advisor facilitated financial literacy workshop with children for Philam SAVES.

List of Partners

- ABS-CBN
- Angat-Buhay Program of the Office of the Vice President
- AY Foundation
- Banatao Foundation
- BPI Foundation
- Champ Cargosystems
- DOLE Philippines Stanfilco Division
- Eagle Cement
- Embassy of Japan
- ENFID
- Give2Asia
- Globe Business
- Happy Hearts Fund
- Isla Lipana
- Jollibee Group Foundation
- Kasilak Development Foundation
- LBC Foundation
- Lisa Yuchengco - PIA
- Mano Amiga Academy
- MDRT Foundation, AIA Philam Life ASG & Premier Agency, Watt Samakki-Dhammikaram, Inc. & Philippine American Cultural Foundation
- National Museum
- Nina Solomon
- Philippine Football Federation
- Philippine International Aid
- Philippines-Luxembourg Society
- PSE Foundation
- Rotary Club of San Juan
- Team Energy Foundation
- Tito Yuchengco
- US Philippine Society
- World Vision
- Yuchengco Sisters of Late Amb. Alfonso Yuchengco

PHILAM SAVES

Philam Savings and Values Education Sessions (Philam SAVES) is the Foundation's financial literacy program that aims to teach the value of saving and being thrifty to children

and their parents. 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.

In Numbers

<b>Target number of participants</b>	100,000
<b>Actual</b>	41,454
Students	31,199
Parents	5,255
<b>% Accomplished</b>	41%
<b>Total volunteers for the year (mix of employees and Financial Advisors)</b>	1,652
<b>Volunteer hours rendered</b>	5,968 hours

Other Financial Literacy Projects:

- **Philam SAVES in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).** Philam Foundation signed a MOA with Minister Mohagher Iqbal, the Bangsamoro Minister of Basic, Higher and Technical Education of BARMM with the goal of educating over 150,000 Grade 4 and 5 students under Philam SAVES. This will be integrated in the modular strategy of the Ministry of Basic, Higher and Technical Education (MBHTE).



**01** Insurance Commission letter commending AIA Philam Life's FIRST Initiative.

**02** COVID-19 hospital frontliners covered under the FIRST Initiative.

- **Personal Finance: My Peso and I.** My Peso and I is the Foundation's financial literacy program for tertiary students 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 is currently under review and being finalized by the partners. In the meantime, a focused group discussion will be conducted to improve the initial course module presented to the Commission on Higher Education (CHED). Once the course module has been approved by the CHED, it will be piloted for one semester in a business course, for evaluation before it is rolled out to the general student population.

**FIRST INITIATIVE**

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

From the free coverage provided, there were three claims made, one in July and two more in December. Although the December claim was beyond the covered period, AIA Philam Life provided an exemption and approved the disbursement of claims

**In Numbers**

**Number of hospitals per area that were given the compassionate coverage**

NCR	31
Luzon	15
Visayas	8
Mindanao	5
Total	59

**Types of hospital partners**

DOH Testing Centers	7
Government Hospitals	37
ALPHA Partner Hospitals and Organizations	15
Total	59

<b>Target</b>	30,000 lives covered
<b>Actual</b>	30,000 (100% of target lives for coverage was accomplished)

03



04



03

BPI-Philam received its fourth Best Life Insurance Company in the Philippines Award from World Finance this year.

04

MedLife Protect Plus, BPI-Philam's investment-linked insurance product packaged with medical and hospital income benefit riders was launched in September.

The FIRST Initiative was the only insurance coverage in the country to specifically target frontline health workers (doctors, residents, nurses, interns, tech, aides, housekeeping and security) who are 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.

### BPI-PHILAM LIFE ASSURANCE CORPORATION

BPI-Philam Life Assurance Corporation (BPLAC), the joint venture between financial leaders in the country, the Bank of the Philippine Islands (BPI) and AIA Philam Life, continued to be the largest bancassurance operation in the Philippines. BPLAC was recognized and named "Best Life Insurance Company in the Philippines" by the international publication World Finance Magazine for a fourth consecutive year, having first won the same accolade in 2017.

Present in over 1,100 local BPI and BPI Family Savings Bank branches, BPI-Philam's salesforce continued to grow alongside the expansion of its bank partner's branch network. In 2020, BPI-Philam bancassurance sales executives (BSEs) numbered nearly 1,400 nationwide, providing both employment opportunities and affordable, accessible, and personalized life insurance to Filipinos.

In response to the unprecedented COVID-19 pandemic, BPI-Philam launched its free COVID-19 Life Insurance Coverage program with BPI in September, with a target to cover one million Filipinos with PHP200,000 face amount.

In the same month, BPI-Philam also launched MedLife Protect Plus, an investment-linked insurance product, packaged with medical benefit and hospital income benefit riders. It was created in partnership with AVEGA, a leading healthcare administration firm in the country.

BPI-Philam also relaunched the Bringing Dreams to Life campaign during the celebration of the Bancassurance Month in October, holding online engagement activities for clients from various BPI and BPI Family Savings Bank branches. Through the help of digital marketing efforts, BPI-Philam helped customers realize the value of protection through an online Financial Wellness and Needs Assessment (FWNA).

### PHILAM ASSET MANAGEMENT, INC.

On 29 January, Philam Asset Management, Inc (PAMI) and BPI Investment Management Inc. (BIMI) executed an agreement to assign all rights, interests, and obligations as fund manager, advisor, distributor, and transfer agent of the Fund Companies to BIMI. The Fund Companies comprised the nine retail mutual funds under its management: Philam Managed Income Fund, Philam Bond Fund, PAMI Global Bond Fund, Philam Dollar Bond Fund, Philam Fund, PAMI Asia Balanced Fund, PAMI Horizon Fund, PAMI Equity Index Fund, and Philam Strategic Growth Fund.

In the meantime, PAMI is focusing on its transition into a Trust Corporation that will serve the needs of the insurance business. This supports AIA Philam Life's strategic focus on protection and wellness to help Filipinos live Healthier, Longer and Better Lives.

## **OUR MANAGEMENT TEAM**



**KELVIN ANG**  
Chief Executive Officer



**MARGARITA LOPEZ**  
Chief Operations Officer



**EMMANUEL MENDOZA**  
Chief Technology Officer



**ARLEEN MAY GUEVARA**  
Chief Investment Officer



**LEO TAN**  
Chief Marketing Officer



**SURENDRA MENON**  
Chief Executive Officer, BPI-Philam



**MARIA CRISTINA HELENA SAMANIEGO**  
Chief Risk Officer  
and Chief Compliance Officer



**CARLA DOMINGO**  
Chief Legal Officer  
and Corporate Secretary



**GARY OGILVIE**  
Chief Financial Officer



## CORPORATE GOVERNANCE

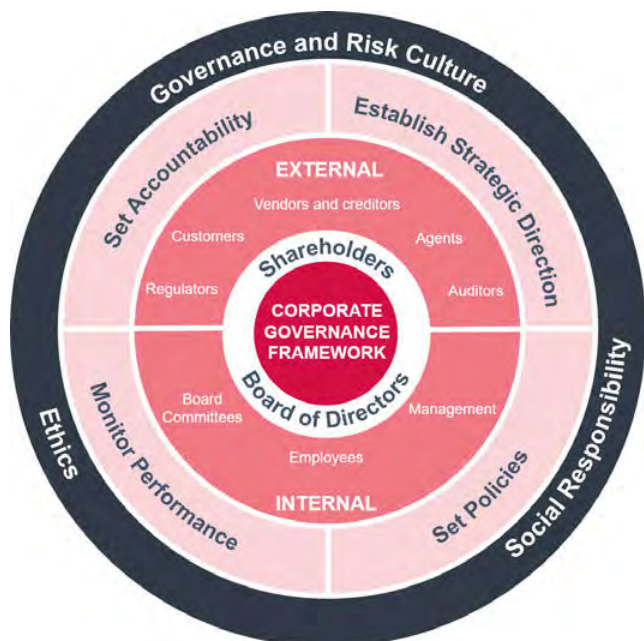
AIA Philam Life confirms its full compliance with the Code of Corporate Governance. Its commitment to the highest standards of corporate governance is rooted in the belief that a culture of integrity and transparency is essential to the consistent achievement of its goals. Creating a sustainable culture,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

## **CORPORATE GOVERNANCE POLICY**

The Company's Corporate Governance Policy placed on the Board the ultimate responsibility for the sustainable performance of the Company, including its 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 the Company and mandates all directors, senior management and employees to abide by the principles of good governance and the Company's Code of Conduct.

The Company's corporate governance framework underpins its commitment to corporate governance principles and leading practices.

## CORPORATE GOVERNANCE FRAMEWORK



### ROLES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors exercises all the powers of the corporation, and all business and properties of the corporation are conducted, controlled and held by them. It is completely independent from management and major stockholders. It is accountable to the shareholders and as such, will ensure the highest standard of governance in running the AIA Philam Life's business and setting strategic directions. The detailed roles and responsibilities are set forth in the By Laws and the Manual of Corporate Governance.

In 2020, the Board of Directors, through its Board Risk, and Audit and Related Party Transaction (RPT) Committees, conducted a regular review of the Company's material controls (including operational, financial and compliance controls) and risk management systems. The Board Risk Committee, the Audit and RPT Committee and the Board of Directors have declared their satisfaction and confidence on the Company's internal controls and risk management systems.

### 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 also ensures that each director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out his or her responsibilities.

### BOARD PROCESS

The Board meetings are held on a quarterly basis unless a special meeting is necessary to discuss urgent matters. Minutes of meetings of the Board and all Committees are kept by the Corporate Secretary and are open for inspection by the Board and Stockholders upon request. Board materials are sent to the members at least five business days in advance of the scheduled board meetings.

In addition to the regular meetings, the directors also engage in informal meetings on a quarterly basis to further discuss issues and strategies. Non-executive directors also find time to meet separately to discuss the business affairs of the Company. Independent Directors likewise regularly meet with management, the internal auditors, and the external auditors, separately, to ensure proper check and balance is achieved by the Company.

### BOARD AND SENIOR MANAGEMENT SUCCESSION AND SELECTION PROCESS

The Board ensures that plans are in place for orderly succession to the Board and senior management to maintain a balance of appropriate skills and experiences within the Company. The Company's Corporate Governance Manual prescribes a formal, rigorous and transparent procedures for the selection and appointment of directors of the Board and senior management. Appointments to AIA Philam Life Board of Directors or Senior Management are made on merits and subject to objective criteria as set forth in the Manual. Careful deliberation and consideration are done to ensure that nominees are qualified to sit in the Board or in Senior Management.

The Company, through its major shareholder, considers the knowledge, competencies, skills, and experience of the nominee-director or executives, seriously taking into account the Company's business objectives and strategies. The Company ensures that its Board membership and Senior Management consist of persons with sufficiently diverse and independent backgrounds and possesses a record of integrity and good repute. Part of the selection process of the Company is the use of independent/third party professional search firms to identify and source qualified directors and senior executives.

<b>BOARD OF DIRECTORS</b>	
<b>Chairman of the Board</b>	Jacky Chan
<b>Executive Director</b>	Kelvin Ang, CEO
<b>Non-Executive Director</b>	Mitchell David New Jayne Plunkett
<b>Independent Directors</b>	Francis G. Estrada Antonino T. Aquino Joaquin E. Quintos IV Doris Magsaysay Ho
<b>Corporate Secretary</b>	Carla Domingo

### **ELECTION OF DIRECTORS**

The Board uses a transparent procedure for the election of directors. Screening processes are done both locally and in the AIA Group. The Governance, Nomination and Compensation Committee looks into the qualifications of directors and thereafter the Board deliberates on the recommendation of the Committee. At the stockholders meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each stockholder with voting privilege will be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary will count the votes and thereafter declare the duly elected members of the Board.

### **ORIENTATION PROGRAM AND TRAINING**

For newly elected directors, the Corporate Secretary schedules and provides a comprehensive orientation to explain the organizational profile, charters, by laws, policies and procedures of the Company. In compliance with the Circular issued by the Insurance Commission, AIA Philam Life ensures that all its directors have attended a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Commission.

The Board members are also encouraged to attend further training and inform the Corporation on such trainings attended. AIA Philam Life provides necessary resources in developing and updating its director's knowledge and capabilities. The Company encourages the directors to attend continuous professional education programs such as the Professional Directors' Program of the Institute of Corporate Directors.

### **PERFORMANCE EVALUATION**

The Board has established its own performance evaluation, the criteria of which are based on the Insurance Commission's Circular on Corporate Governance. Every April of each year, the Board, as well as the Committees, conducts annual self-assessment of its performance, the results of which are

submitted to the Governance, Nomination and Compensation Committee and to the Board of Directors.

In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, the Board Committees based on the standards and criteria provided. Among the criteria set include, but are not limited to, the following: the appropriateness of the Board's composition; the directors' skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the

### **SEMINARS ATTENDED**

<b>DIRECTOR</b>	<b>TRAINING/SEMINAR</b>
<b>Kelvin Ang</b>	<ul style="list-style-type: none"> <li>Corporate Governance Orientation Program by ICD, 28 August 2019</li> <li>IC Mandated Training, 09 December 2020</li> </ul>
<b>Antonino T. Aquino</b>	<ul style="list-style-type: none"> <li>Orientation Course for Corporate Governance by ICD, 18 February 2015</li> <li>IC Mandated Training, 09 December 2020</li> </ul>
<b>Jacky Chan</b>	<ul style="list-style-type: none"> <li>Corporate Governance Training by Hill Dickinson HK, 26 July 2017</li> <li>Risk Management Training and Certification Indonesia, 31 January to 01 February 2019</li> <li>Joint Regional Actuarial Seminar in Asia, 24 July 2019</li> <li>Hong Kong Management Association Annual Conference 2019, 14 November 2019</li> <li>Asia Insurance Forum 2019, 10 December 2019</li> <li>IC Mandated Training, 09 December 2020</li> </ul>
<b>Francis G. Estrada</b>	<ul style="list-style-type: none"> <li>Professional Directors Program on Corporate Governance by ICD, 24 to 28 May 2004</li> <li>Chairman of the Board of ICD, and with attendance in various round-table discussions, trainings and seminars undertaken by said institution.</li> <li>IC Mandated Training, 09 December 2020</li> </ul>
<b>Doris Magsaysay Ho</b>	<ul style="list-style-type: none"> <li>Orientation Course on Corporate Governance by ICD, 27 November 2014</li> <li>Corporate Governance by SGV on 08 December 2017</li> <li>Corporate Governance Seminar by Center for Global Best Practices, 14 December 2018</li> <li>IC Mandated Training, 09 December 2020</li> </ul>
<b>Mitchell David New</b>	<ul style="list-style-type: none"> <li>Corporate Governance, 02 Nov 2020</li> </ul>
<b>Jayne Plunkett</b>	<ul style="list-style-type: none"> <li>BDF-Board and Director Fundamentals (online), 28 September 2020</li> </ul>
<b>Joaquin E. Quintos IV</b>	<ul style="list-style-type: none"> <li>Orientation Course on Corporate Governance by ICD, 03 December 2012</li> <li>Advance Corporate Governance Training, 23 October 2020</li> </ul>



Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the independent directors, the Board and the various Board Committees.

In the Survey, the Board members are required to give the subject either an 'excellent'; 'consistently good'; 'adequate'; or 'needs major improvement' rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Governance, Nomination and Compensation Committee for its approval. The results will then be reported to the Board for its notation.

For 2020, the Annual Board Performance Evaluation Survey was participated by the members of the Board, where they registered an overall rating of "consistently good" to "excellent". This clearly exemplifies the effectiveness and competence of the Board of Directors. It also shows that the Board understands the objectives of the Company, as well as the major role it plays in the Company, to its shareholders and stakeholders.

#### BOARD OF DIRECTORS MEETINGS

MEMBER	DATE OF MEETING 10 January 2020 (Regular) 16 April 2020 (Outgoing) 16 April 2020 (Organizational) 04 May 2020 (Special) 15 July 2020 (Regular) 21 October 2020 (Regular) 16 December 2020 (Special) <b>7 Meetings (91.27%)</b>
<b>Clive Anderson</b> <i>(resigned effective 17 April 2020)</i>	2 Meetings (100%)
<b>Kelvin Ang</b>	7 Meetings (100%)
<b>Antonino Aquino</b>	7 Meetings (100%)
<b>Jacky Chan</b>	7 Meetings (100%)
<b>Francis Estrada</b>	7 Meetings (100%)
<b>Doris Magsaysay Ho</b>	6 Meetings (85.71%)
<b>Mitchell David New</b> <i>(elected effective 01 May 2020)</i>	3 Meetings (75%)
<b>Paul Lloyd</b> <i>(elected effective 01 May 2020)</i>	3 Meetings (75%)
<b>Joaquin E. Quintos IV</b>	6 Meetings (85.71%)

#### BOARD MEETINGS IN 2020

To exercise its discretionary powers and management oversight of the Company, the Board of Directors sees to it that it meets on a regular basis as required by the law and Company By-Laws. Unless otherwise provided by law or the Company By-Laws, majority of the directors will constitute a quorum to transact corporate business, provided that when a Board decision is required, a minimum quorum of 2/3 of the directors shall be required, except for the election of officers

#### AUDIT COMMITTEE MEETINGS

MEMBER	DATE OF MEETING 10 January 2020 16 April 2020 15 July 2020 21 October 2020 <b>4 Meetings (93.75%)</b>
<b>Antonino Aquino</b>	4 Meetings (100%)
<b>Jacky Chan</b> <i>(no longer a member effective 17 April 2020)</i>	2 Meetings (100%)
<b>Francis G. Estrada</b>	4 Meetings (100%)
<b>Joaquin E. Quintos IV</b>	3 Meetings (75%)

#### GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE MEETINGS

MEMBER	DATE OF MEETING 10 January 2020 12 March 2020 15 September 2020 07 October 2020 16 December 2020 <b>5 Meetings (100%)</b>
<b>Kelvin Ang</b> <i>(no longer a member effective 31 October 2020)</i>	4 Meetings (100%)
<b>Jacky Chan</b> <i>(no longer a member effective 31 October 2020)</i>	4 Meetings (100%)
<b>Ariel Cantos</b> <i>(resigned effective 01 Mar 2019)</i>	2 Meetings (100%)
<b>Doris Magsaysay-Ho</b>	5 Meetings (100%)
<b>Joaquin E. Quintos IV</b> <i>(elected member effective 21 October 2020)</i>	1 Meetings (100%)
<b>Mitchell David New</b> <i>(elected member effective 21 October 2020)</i>	1 Meetings (100%)

<p><b>AUDIT AND RPT COMMITTEE</b></p> <p><b>Antonino T. Aquino</b>, Chairman (Independent Director)</p> <p><b>Joaquin E. Quintos IV</b> (Independent Director)</p> <p><b>Francis G. Estrada</b> (Independent Director)</p>	<p><b>EXECUTIVE COMMITTEE</b></p> <p><b>Jacky Chan</b>, Chairman (Non-Executive Director)</p> <p><b>Kelvin Ang</b>, Vice-Chairman (Executive Director)</p> <p><b>Mitchell David New</b> (Non-Executive Director)</p>	<p><b>BOARD RISK COMMITTEE</b></p> <p><b>Francis Estrada</b>, Chairman (Independent Director)</p> <p><b>Doris Magsaysay Ho</b> (Independent Director)</p> <p><b>Antonino Aquino</b> (Independent Director)</p> <p><b>Jayne Plunkett</b> (Non-Executive Director)</p> <p><b>Kelvin Ang</b> (Executive Director)</p>
<p><b>INVESTMENT COMMITTEE</b></p> <p><b>Kelvin Ang</b>, Chairman (Executive Director)</p> <p><b>Francis G. Estrada</b> (Independent Director)</p> <p><b>Antonino Aquino</b> (Independent Director)</p>	<p><b>CORPORATE GOVERNANCE COMMITTEE</b>            (FORMERLY: GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE)</p> <p><b>Doris Magsaysay Ho</b>, Chairperson (Independent Director)</p> <p><b>Mitchell David New</b> (Non-Executive Director)</p> <p><b>Joaquin E. Quintos IV</b> (Independent Director)</p>	

which will require the vote of majority of all the members of the Board, to be considered as a valid corporate act.

Before the start of the financial year, the Corporate Secretary advises the members of the Board of the schedules of their meetings, which may change subject to their availability and other reasonable circumstances. Board meetings are regularly set on a quarterly basis, while special meetings are called by the Chief Executive Officer, or as provided in the Company-By-Laws.

Five days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board their respective meeting packs, which would contain, among others, the Board and Committee meeting minutes, the management report and financial highlights, and other items that need action and approval of the Board.

For 2020, the Board of Directors had a total of seven (7) meetings, where the Board posted an overall attendance rate of 91.27 per cent.

#### **FEE STRUCTURE AND REMUNERATION OF DIRECTORS**

The Independent Directors, who compose majority of the Board of Directors of AIA Philam Life, play significant roles in order to achieve the Company's business objectives today and in the future. As independent directors, they effectively participate and provide objective, independent judgment in the business affairs of the Company, and at the same time ensure that proper checks and balances are in place.

Considering the above, and in view of the stricter corporate and regulatory environment in the country, the Company

believes that the independent directors should be adequately compensated for the knowledge, skills, and expertise they share and impart to the Board; for the time and efforts they provide to the Company; and for potential risks and liability they may be exposed to as its members. The fee structure of the independent directors is based on various factors, such as but not limited to director's qualification and experience, skills, and expertise; financial services sector benchmark; market condition; and regulatory environment.

As reviewed and approved by the shareholders of the Company on an annual basis, the independent directors receive fixed directors' fees per Board and Committee meeting attended, and annual bonus. For 2020, the total annual gross directors' fees of the independent directors of the Company amounted to Philippine Pesos: Six Million Eight Hundred Sixty Thousand (PHP6,860,000), broken down as follows: 1) Francis G. Estrada – (PHP1,820,000.00); 2) Antonino Aquino (PHP1,820,000.00); 3) Joaquin Quintos, IV (PHP1,560,000.00); and 4) Doris Magsaysay-Ho (PHP1,660,000.00). The executive and non-executive directors do not receive any remuneration for their directorship in AIA Philam Life.

#### **DIVIDEND POLICY**

AIA Philam Life will declare and pay cash dividends, the amount of which will be determined through consideration of the following factors: a) local statutory requirements relating to solvency and liquidity; b) ongoing sustainability of corresponding insurance fund taking into consideration likely future changes in regulatory requirements; and c) likely future strategic initiatives.

On 10 January 2020, the Company declared a cash dividend of Forty Four Pesos and Fifty Nine Centavos (PHP44.59) per share, or a total amount of Eight Billion Eight Hundred Ninety Eight Million Four Hundred Ten Thousand Three Hundred Nineteen Pesos and Eighty Nine Centavos (PHP8,898,410,319.89) Philippine Currency payable to all shareholders of the Company in proportion to their holdings as of 30 November 2019.

### REMUNERATION POLICY FOR EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

At AIA Philam Life, the Executive Director and Chief Executive Officer (CEO) are given a total rewards package that consist of guaranteed and variable components that reward performance and value created for the Company. The CEO's reward components support the Company's rewards framework:

1) Guaranteed compensation which includes base salary, allowances, and contractual bonus that is reviewed annually to reflect market and individual performance, as well as value created for the Company; 2) Short Term Incentive to reward achievement of business and individual performance metrics enabling the individual to share in the immediate success of the Company; 3) Discretionary Long Term Incentive (in the form of Restricted Share Units and/or Share Options) to motivate and reward the individual who has contributed.

### NEW BOARD CHARTER, REVISED CORPORATE GOVERNANCE MANUAL AND POLICIES

In compliance to the requirements stipulated in Insurance Commission Circular Letter (IC CL) 2020-71, the Board approved its new Board Charter, revised its Corporate Governance Manual, and passed several policies. Below are the highlights of the said manual and policies:

**a. Board Charter** – sets out the roles and responsibilities of the Board primarily delegating to the Board the ultimate responsibility for the sustainable performance of the Company and its subsidiaries, including the consistent achievement of business plans and compliance with statutory as well as corporate obligations. For more details, the full text of the charter is available in the company website.

**b. Revised Corporate Governance Manual (RCGM)** – a number of revisions were applied to articulate good corporate governance practices including board annual and on-boarding training, and training topics, among others. For more details, the full text of the RCGM is available in the company website.

**c. Remuneration Policy** – ensures that board and senior management remuneration programs are designed to be market competitive, fully compliant with local regulations, and foster a strong performance-oriented culture within an appropriate risk management framework

**d. Board Diversity Policy** – sets out the Company's approach to ensuring adequate diversity in the Board and that selection of candidates for appointment to the Board will be based on merit which include a review of candidate's integrity, educational background, industry or related experience, among others.

**e. Retirement Age Policy** – as part of succession planning and to promote dynamism in the Company, the Board approved the Retirement Age Policy that provides, among others, the maximum tenure for independent directors to be aligned with local regulations; for retirement age of directors other than independent, key officers and employees; and for the procedures for their retirement.

**f. Environmental, Social and Governance (ESG) Policy** – provides that the Company's ESG direction is aligned with the direction of its parent company, AIA Group Limited, while further developing suitable local strategies and initiatives, as may be needed.

**g. Financial Disclosure Policy** – sets out AIA Philam Life's approach to disclosure of financial information to give a complete picture of the Company's financial standing and results of business operations to stakeholders. It states that the Company will fully abide by legal and regulatory mandates on financial reporting standards and disclosures of financial information.

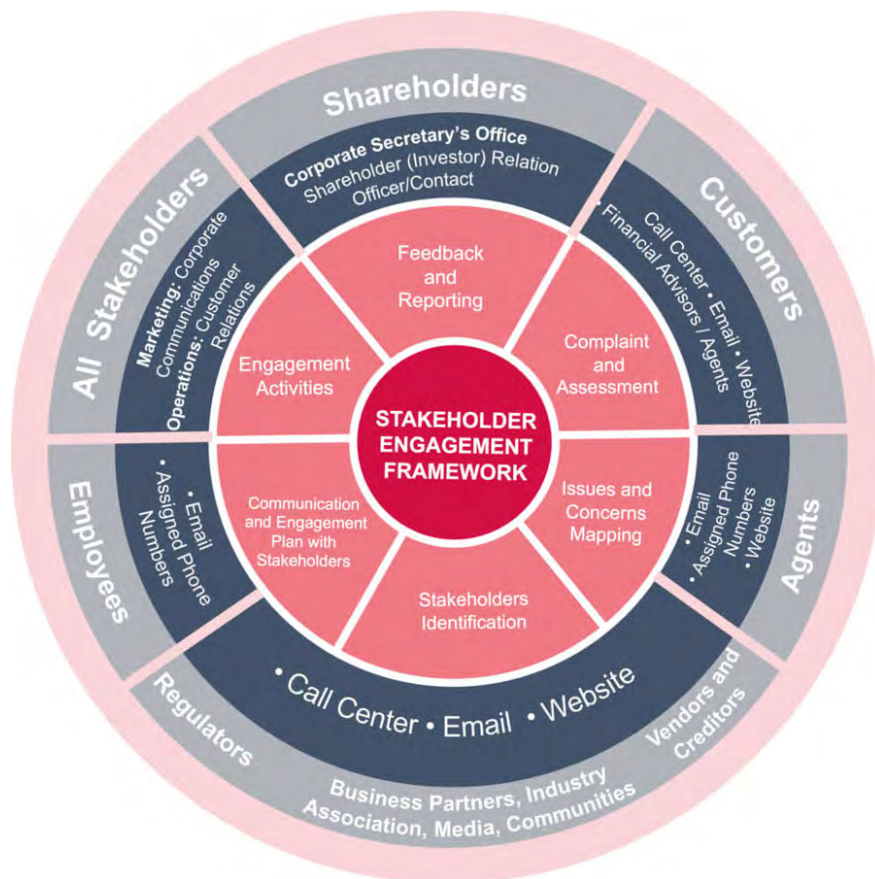
**h. Internal Audit Charter** – sets out, among others, the role, mission, scope and responsibilities of the Company's internal audit functions, called Group Internal Audit Philippines (GIAPH), including arrangements for ensuring GIAPH's independence and objectivity. It articulates GIAPH's purpose, which is to support the Board, the Audit Committee, and the senior management to protect the assets, reputation and sustainability of the Company. It further provides that GIAPH's mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls and governance processes and appropriately challenge executive management to improve the effectiveness of these processes.

**i. Stakeholder Engagement Policy** – designed to facilitate communication for various stakeholders to raise their queries and concerns with ease, and to ensure that the same are addressed in a timely manner by the appropriate functional units of the Company. The policy also defines the Company's Stakeholder Engagement Framework.

**STAKEHOLDER ENGAGEMENT FRAMEWORK**

Defined in AIA Philam Life’s Stakeholders’ Engagement Policy, the Stakeholder Engagement Framework is envisioned to provide a holistic view of the various stakeholders of the Company and the manner by which they can interact and communicate with the Company.

Various individuals, groups or organizations can affect or is affected by the Company or its activities. To better manage stakeholder engagements, the Company identifies below as its priority the stakeholders, possible engagement activities and various communication touchpoints available to each:



**A. Various engagements**

Priority Stakeholders	Common Touchpoints		
Customer	Website: <a href="http://www.philamlife.com/en/index.html">www.philamlife.com/en/index.html</a>	Telephone No.: (02) 8 528 2000	Email Address: <a href="mailto:philamlife@aia.com">philamlife@aia.com</a>
Shareholder			
Regulators			
Employees			
Sales Force			
Vendors			
Business partners			
Industry associations			
Communities			

**B. Regulatory and conduct-related engagements**

Priority Stakeholders	Common Touchpoints	
Customer	Data Privacy: <a href="mailto:PHI.philamprivacy@aia.com">PHI.philamprivacy@aia.com</a>	Whistleblower/conduct complaints: <a href="mailto:compliance@aia.com">compliance@aia.com</a> <a href="http://www.aiaethicsline.com">www.aiaethicsline.com</a> 1010-5511-00 (PLDT) then dial 800-245-4179 105-11 (Other providers) then dial 800-245-4179
Shareholder		
Regulators		
Employees		
Sales Force		
Vendors		
Business partners		
Industry associations		
Communities		

C. Purchase or service engagements, other concerns

	Mode	Touchpoints	Functional Units	Roles and Responsibilities
<b>Customer</b>	Digital	ePlan – <a href="https://portal.philamlife.com/ePlan">https://portal.philamlife.com/ePlan</a>	Operations	Primary digital platform that gives customers direct access to information about their policy, as well as apply minor changes to their policy details.
	Digital	Facebook Messenger – Chatbot (m.me/AyaofAIAPhilamLife)	Operations	Digital platform and social media assets owned by AIA Philam Life where customers and the general public can reach the Company.
		Facebook ( <a href="https://www.facebook.com/AIAPhilamLife">https://www.facebook.com/AIAPhilamLife</a> ) Instagram ( <a href="http://instagram.com/aiaphilamlife">http://instagram.com/aiaphilamlife</a> ) Twitter ( <a href="http://twitter.com/aiaphilamlife">http://twitter.com/aiaphilamlife</a> )	Marketing	
		Linked In ( <a href="https://www.linkedin.com/company/aiaphilamlife">https://www.linkedin.com/company/aiaphilamlife</a> )	HR	
	Digital	Philam Vitality	Marketing	App that tracks customers' progress as they improve their health and receive rewards.
	Email	PhilamLife_CustomerCare@aia.com	Operations	Communication channel where customers can reach out to AIA Philam Life through digital means.
	Face-to-face	Customer Service Centers	Operations ASG	Physical means of facilitating requests that ensures prompt delivery of services in accordance with the Customer Commitment Standard, Claims Operations Standard, and New Business Operations Standard.
Servicing agents		Finance		
<b>Shareholders/ Investors</b>	Email	<a href="mailto:PhilamCorporateSecretary@aia.com">PhilamCorporateSecretary@aia.com</a>	Corporate Secretary	Implements the Company's Corporate Governance Policy and Manual
<b>Regulators</b>	Email	Direct contact with relevant units via: Email Mobile phone Others – Viber/FB messenger	All	In accordance with AIA Philam Life's Regulatory Framework, all functional units ensure that all regulatory communications addressed to the Company are promptly handled, monitored, and any responses or communications are signed-off by appropriate units and signed by an officer of the Company with a rank of at least Vice President and up.
	Face-to-face	Direct contact with relevant units IC pigeonhole Conference	All	
	Mail	Direct contact with relevant units	All	
<b>Employees</b>	Digital	Workday Workplace	Human Resources	Digital platform that provides employees access to information about their employment, at the same time gives them the means to reach out to HR on employee-related concerns.
<b>Sales Force</b>	Digital	Agency Portal	Agency Sales Group Operations Finance	Digital platform where the sales force can access information they need to perform their day to day responsibilities, as well as get updated on the latest announcements from the Head Office.
	Face-to-face	Nationwide Customer Service Centers		Communication channels open to the sales force that allow them to remain in touch with Head Office and colleagues from the Agency Sales Group.
	Email Face to-face	Official email of agents; servicing agents		
<b>Vendors</b>	Digital	Ariba	Sourcing	Digital system that ensures appropriate due diligence are conducted prior to on-boarding of vendors and suppliers, maintains records of engagement with vendors in accordance with the records management policy, ensures prompt settlement of vendor payments, and handles all vendors/ suppliers concerns promptly.
	Email	PhilamP2P@aia.com		Digital communication channel that facilitates accreditation of external vendors.

**ANNUAL ORGANIZATION PEOPLE REVIEW (OPR) AND PERFORMANCE DEVELOPMENT DIALOGUE (PDD)**

In the 21 October 2020 board meeting, the Board approved and adopted the Company’s annual OPR aimed at ensuring effective succession planning for directors, key officers and management to ensure growth and continued increase in the shareholders’ value.

The Board also approved the Company’s PDD ensuring that the payment and incentives granted the management, including the Chief Executive Officer, and the personnel are at par with the performance standards set by the Board and Senior Management. PDD also aims to encourage employees to actively participate in the realization of the Company’s goals and governance.

**IC-MANDATED ANNUAL CONTINUING TRAINING FOR THE BOARD**

In compliance with IC CL 2020-71, the Company conducted annual continuing training for the board with the topics below.

**CONTINUING TRAINING FOR THE BOARD**

TOPIC	DURATION	TRAINER
a. Code of corporate governance for IC-regulated companies	1 hour	<b>Meer, Meer, and Meer Law Office</b> (Atty Alfredo Pablo Malvar)
b. ACGS and IC Annual Corporate Governance Report		
c. Board Responsibilities		
d. Illegal activities of corporations/ directors/ officers		
e. Protection of minority shareholders		
f. Liabilities of directors		
g. Confidentialities		
h. Conflict of interest		
i. Enterprise risk management	1 hour	<b>SGV &amp; Co./ EY Philippines</b> (Leonardo J. Matignas, Jr. and Joseph Ian M. Canlas)
j. Case studies and financial reporting and audit	1 hour	<b>SGV &amp; Co./EY Philippines</b> Charisse Rossielin Y. Cruz Bernalette L. Ramos
k. RPT		
l. Audit	0.5	<b>Group Internal Audit</b> Clive Mathews Mandy Lau Rikka Peralta
m. Anti-Money Laundering and Terrorist Financing	0.5	<b>SGV &amp; Co./ EY Philippines</b> Veronica Mae Arce Balisi

## BOARD OF DIRECTORS' PROFILES



**WING-SHING (JACKY) CHAN (57)**  
AIA Regional Chief Executive,  
Non-Executive Director,  
Chairman of the Board  
(since 01 June 2017)

**Jacky Chan** is the Regional Chief Executive responsible for the Group's businesses operating in Hong Kong SAR and Macau SAR, Mainland China, the Philippines, Korea and Taiwan. He is a director of various companies within the Group, including AIA Company Limited and AIA International Limited. Mr. Chan has extensive life insurance industry experience having worked at AIA for the past 33 years. Prior to becoming a Regional Chief Executive, Mr. Chan was Chief Executive Officer of AIA Hong Kong and Macau since 2009. Previously, he held several senior positions including the Country Head of AIA China, responsible for overall business

performance and results in China; Executive Vice President – Distribution and Marketing of Non Shan Life Insurance – Taiwan; Senior Vice President and Head of Life Profit Centre of AIA – Asia (ex-Japan and Korea).

Mr. Chan holds a Bachelor of Science Degree from the University of Hong Kong. He is a Fellow of Society of Actuaries (FSA), a member of American Academy of Actuaries (MAAA) and a Fellow of Canadian Institute of Actuaries (CIA).



**CHEE KEONG (KELVIN) ANG (55)**  
Executive Director,  
Chief Executive Officer  
(since 01 March 2019)

**Kelvin Ang**, AIA Philam Life's Chief Executive Officer is a home-grown talent with over 20 years of service in AIA. He has served in various Leadership and Agency Distribution roles across the AIA Group Office and the local Business Units – including Hong Kong, Malaysia, Indonesia, Vietnam and China. In his role as Chief Agency Officer of China and General Manager of Shanghai, he played a vital part in the success of AIA China's agency transformation. Mr. Ang also led the successful AIA-ING agency integration in Malaysia from 2015 to 2018. After his successful stint in AIA Malaysia, he was appointed as Regional Chief Agency Officer,

with AIA Hong Kong, China and Vietnam in his portfolio, with the mission to future proof the business through digitalization and new market expansion.

Mr. Ang earned his Bachelor's degree at the Royal Melbourne Institute of Technology in Australia and his Master's degree in Business Administration from Bath University in the United Kingdom. He is also currently a corporate member of the Philippine Life Insurance Association Inc. (PLIA).



**MITCHELL DAVID NEW (57)**  
Non-Executive Director  
(since 01 May 2020)

**Mitchell New** is the Group General Counsel responsible for the provision of legal services for the AIA Group and providing leadership to legal and corporate governance functions within country operations. He is a director of various companies within the Group including AIA International Limited, AIA Singapore Private Limited and AIA Reinsurance Limited.

He joined the Group in April 2011. Prior to joining the Group, Mr. New was a member of the law firm Fasken Martineau and occupied

various senior roles with Manulife Financial, including Senior Vice President and Chief Legal Officer for Asia, based in Hong Kong and Senior Vice President and General Counsel to Manulife's Canadian division.

Mr. New is a qualified barrister and solicitor and member of the Law Society of Upper Canada, and holds a Bachelor of Commerce Degree and Master's Degree in Business Administration from McMaster University and a Bachelor of Laws Degree from the University of Western Ontario.



**JAYNE PLUNKETT (51)**  
Non-Executive Director  
(since 01 May 2020)

**Jayne Plunkett** is the Group Chief Risk Officer responsible for the Group's risk and compliance functions. She is a director of various Group companies, including AIA Singapore and AIA Philam Life. Ms. Plunkett joined AIA in November 2019 from Swiss Re, where she was most recently Chief Executive Officer Reinsurance Asia, Regional President Asia and member of the Group Executive Committee. During her time with Swiss Re,

she held several senior positions, including Head of Casualty Underwriting for Asia and Division Head Casualty Reinsurance. Prior to that, she was with GE Insurance Solutions.

Ms. Plunkett holds a Bachelor of Science in Business Administration from Drake University. She is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.



**ANTONINO T. AQUINO (73)**  
Independent Director  
(since 22 April 2015)

**Antonino T. Aquino**, Filipino, 73, has served as Director of Ayala Land Inc (ALI) since April 2009. He has been a Director of Manila Water Company, Inc. (MWC), another publicly listed company, since 1998. He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. Currently, he is a Board member of Nuevocentro, Inc., Anvaya Beach & Nature Club and Mano Amiga Academy, Inc. He is also a private sector representative in the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. He was Conferred Honorary Fellow by the Institute of Corporate Directors in 2020. He was named "Co-Management Man of the Year 2009" by the Management Association of

the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of The Philippine American Life and General Insurance Company (AIA Philam Life). He earned a degree in BS Management and completed academic requirements for Masters in Business Administration from the Ateneo de Manila University in 1968 and 1975, respectively.

Mr. Aquino attended the seminars on Right of Privacy and Obligation of Transparency and Challenges and Drivers of Talent Development: A Board Perspective held on 11 August 2017 and 10 May 2017, respectively. He also attended the IC mandated training on Dec 9, 2020.



**FRANCIS G. ESTRADA (71)**

Independent Director  
(since 18 April 2006)  
Lead Independent Director  
(21 October 2021)

**Francis G. Estrada** serves or has served as independent director and Board Committee Chair in a number of leading publicly listed companies like: Ayala Land, Inc.; AIA Philam Life; Energy Development Corporation; Rizal Commercial Banking Corporation; RCBC Savings Bank; Engineering Equipment Inc., etc.

He serves or has served on the Boards of a number of private companies in both the profit and not-for-profit areas.

He also serves (or has served) as Board Chair of the Institute of Corporate Directors, De La Salle University, Philippine Military Academy, the Development Bank of the Philippines Advisory Council, the Armed Forces of the Philippines Multisectoral Governance Council and the De La Salle (Philippines) Investment Committee.

He has served as Trustee, Governor or board member of the Asian Institute of Management, De La Salle University, Xavier Labor Relations Institute (India), Shanghai Jiao-tung University School of Management (PRC), Clean Air Asia, Institute for Solidarity in Asia, Armed Forces of the Philippines Multi-Sectoral Governance Council, the Philippine Board of Investments Multi-Sectoral Governance Council and the Sociedad de Beneficiencia, among others.

He has served as President/CEO of: the Asian Institute of Management, William E. Simon and Sons (Asia) LDC from 1992 to 1997 – an investment partnership he co-founded with former US Treasury Secretary, William E. Simon.

He was President and Chief Operating Officer of Asian Oceanic Holdings Limited from 1983 to 1991—an investment banking partnership he co-founded with former

American Express Bank Chairman/CEO, Richard M. Bliss.

He was Senior Vice President, ASEAN Regional Coordinator for Indonesia of Bancom Group Incorporated from 1974 to 1982. He concurrently served as Managing Director and Chief Operating Officer of P.T. First Indonesian Financing and Investment Corporation (“Ficorinvest”), a joint-venture merchant banking partnership between Bank Indonesia (the Indonesian central bank) and the Bancom Group of the Philippines from 1975-1980.

Following his return to the Philippines in 1997, Mr. Estrada was Chairman and was General Partner of Equity Managers Asia, Inc., an investment firm which he co-founded. He has established a number of Asia-related financial institutions and commercial enterprises within and outside the Asian region, and advised on numerous capital-raising, turn-around and cross border financial transactions.

He has served as board director with over 40 public and private enterprises in the Australasia region and the US. In addition, he serves/has served as trustee or governor in 15 not-for-profit institutions in the Philippines, Hong Kong and Vatican City. He is also a Lead Independent Director of AIA Philam Life.

Mr. Estrada graduated “With Distinction” from AIM with a Masters in Business Management in 1973 and completed the Advanced Management Program at the Harvard Business School in 1989. He obtained his Bachelor of Science in Business Administration and Bachelor of Arts degrees from De La Salle University in 1971 where he was awarded the institution’s Leadership Award.



**DORIS MAGSAYSAY HO (69)**

Independent Director  
(since 22 April 2015)

**Doris Magsaysay Ho** is the President and CEO of A. Magsaysay, Inc. which has a network of offices strategically mapped in the Philippines, Asia and North America.

Its activities involve international shipping as well as transport and logistics services in the Philippines. Magsaysay is also involved in providing human resource solutions for large companies around the world.

Ms. Magsaysay Ho also serves as Chair of listed Lorenzo Shipping Corp., director of Steamship Mutual Underwriting Association (Bermuda); and is a trustee/director of business and non-profit organizations including: Makati Business Club; Philippine Business for Social Progress; Philippine Disaster Recovery Foundation; Asia Society Philippine Foundation, Inc.; Asia Society (New York); Metropolitan Museum Manila; First Philippine Conservation Inc. She is Chairman Emeritus of the Philippine Interisland Shipping Association and is a member of the Young President's Organization.

In November 2015, the Office of the President of the Philippines conferred upon her the Order of Gawad Mabini with the rank of Commander for her many years representing the country as a member of the APEC Business Advisory Council.

Ms. Magsaysay Ho is the recipient of several international and local awards such as Lloyd's List Asia Lifetime Achievement Award 2011 and the Seatrade Personality of the Year Award in 2018; Asia CEO Awards Global Filipino Executive of the Year in 2012; MVP Grand Bossing Award 2018, and Shero of the Year by the Asia CEO Awards in 2019.

Born in 1951, she has a Masters in Industrial Design from Pratt Institute in New York.

Ms. Magsaysay Ho attended the seminar on Corporate Governance conducted by SGV on 08 December 2017 and on 14 December 2018 conducted by the Center for Global Best Practices.



**JOAQUIN E. QUINTOS IV (61)**

Independent Director  
(since 22 April 2015)

**Joaquin Quintos** is currently a Senior Executive at First Philippine Holdings (FPH), a publicly listed Philippine conglomerate engaged in energy, property, construction, manufacturing, healthcare, and education businesses. He joined FPH in 2015 and is currently a board director in various operating subsidiaries of the group. He leads the new business initiatives of FPH in healthcare and education.

In his operational role, Mr Quintos runs the group's education business, First Industrial Science and Technology School, as its President. He also runs the group's healthcare businesses, Asian Eye Institute and Pi Health, where he serves as its President. In addition, he also drives the digital technology initiatives of the group and serves as President of Infopro Business Solutions, FPH's in-house shared services unit.

Mr Quintos is a shareholder of Prople, a privately held software and business process

services company, where he previously served as CEO from 2009 to 2015. He was also the former President of IBM Philippines. He held various management positions during a successful 27-year career at IBM from 1982 to 2009, including assignments at IBM's headquarters in Singapore and New York.

He currently holds various board positions in leading companies and non-profit organizations in the Philippines. He previously served the boards of De La Salle University Manila, STI Education Services, and iPeople, the holding company of Mapua Institute of Technology. He also serves as an advisor to many technology start-up companies in the Philippines and abroad.

A graduate of the University of the Philippines, Mr Quintos earned his Bachelor of Science degree in Industrial Engineering, with cum laude honors. He participated and completed the New York Marathon in 2007.

**BOARD SUPPORT**



**CARLA DOMINGO**  
Corporate Secretary

**Atty. Carla Domingo** is currently the Head of Legal and Corporate Secretary of The Philippine American Life and General Insurance (AIA Philam Life) Company. She also serves as the Corporate Secretary of BPI-Philam Life Assurance (BPLAC) Corporation. Likewise, the Managing Trustee of Philam Foundation Inc. and Records Management Head.

She was Corporate Secretary to various Philam companies from 2008 –January 2014, to wit: Philam Equitable Life Assurance Company; Philam Properties Group of Companies; Philam Asset Management Inc.; Philam Call Center

Services, Inc; the Tower Club, Inc. and Philam Foundation, Inc.

She also served as Deputy Company Secretary of AIA Group Company Limited in Hong Kong from February 2014 to February 2015.

Atty Domingo is a fellow of the Institute of Corporate Directors and a lawyer by profession. She is supported by the Assistant Corporate Secretary, Atty Ace Devino Custodio, who is also a lawyer. She attended IC-mandated annual continuing board training together with the Board on 9 and 17 December 2020.



**MARIA CRISTINA HELENA G. SAMANIEGO**  
Chief Risk Officer and Chief Compliance Officer

**Maria Cristina Helena G. Samaniego**, AIA Philam Life’s Chief Risk Officer (CRO) and Chief Compliance Officer (CCO), is a Senior Vice President and a member of the Company’s Executive Committee. Ms. Samaniego is not a member of the Board. She attended the corporate governance training from 8 to 9 September 2020 conducted by the Institute of Corporate Directors.



**RIKKA C. PERALTA**  
Head, Group of Internal Audit Philippines

**Rikka Peralta** was promoted from her former position as Deputy Head of Group of Internal Audit Philippines. She has been with AIA Philam Life for more than 15 years and played a key role in managing the audit plans and activities while overseeing the team of internal auditors.

## OPERATING PHILOSOPHY

### AIA CODE OF CONDUCT

At AIA, employees hold themselves to the highest standards of integrity and ethics in everything they do. In doing so, the trust placed in the Company by customers are 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.

### CODE OF CONDUCT ANNUAL CERTIFICATION

As part of the AIA Group, AIA Philam Life 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.

### NEW EMPLOYEES ORIENTATION PROGRAM (NEOP)

Company policy mandates all new joiners to complete the New Hires Mandatory Course where the AIA Code of Conduct and all other relevant company policies are discussed. This program is offered through an online learning platform and must be completed within 90 days from joining date.

### TREATING CUSTOMERS FAIRLY

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

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 AIA Philam Life products or those of its competitors are not acceptable.

AIA Philam Life adopts a structured framework in handling complaints related to market misconduct. The Customer Complaints Handling Process 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.

### ANTI-FRAUD POLICY

AIA Philam Life 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 the Company's 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 welfare of its stakeholders or insuring public.

### ANTI-CORRUPTION AND BRIBERY

AIA Philam Life implements a robust Anti-Corruption Program supported by an Anti-Corruption Policy. The Policy provides guidance on giving and accepting gifts and entertainment and is applied alongside the AIA Code of Conduct.

The Company adopts a zero tolerance approach on Bribery and Corruption. Employees and other persons representing AIA Philam Life 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.

The Company is 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.

### CONFLICT OF INTEREST

An employee's position in AIA Philam Life must not be used for inappropriate personal gain or advantage. Any situation that creates, or even appears to create a conflict of interest between personal interests and the interests of the Company must be appropriately managed.

Conflicts of interest (whether potential or actual conflicts) are mandated to be reported. Managers are expected to take appropriate steps to prevent, identify, and appropriately manage conflicts of interests of employees they supervise. Employees are directed by the Company's Code of Conduct to make decisions in the best interest of AIA and its customers and not to advance personal interest.

All AIA and AIA Philam Life employees are prohibited from taking for themselves, or directing to a third party, a business opportunity that is discovered through the use of company's corporate property and information. AIA Philam Life employees are prohibited from using corporate property, information, or position for personal gain.

Employees are asked to declare if they have any personal relationships within AIA Philam Life. Immediate family members, members of the household, and individuals with whom an employee has a close personal relationship within AIA Philam Life must never improperly influence business decisions.

#### **FAIR DEALING POLICY AND CREDITOR'S RIGHTS**

AIA Philam Life adheres to a Fair Dealing Policy, which ensures that businesses with the customers, service providers, suppliers, and competitors are conducted in a fair manner. Following AIA's model, AIA Philam Life seeks competitive advantages only through legal and ethical business practices. Every employee must conduct business in a fair manner with customers, service providers, suppliers, and competitors.

Disparaging competitors or their products and services are discouraged. Improperly taking advantage of anyone through manipulation, concealment, abuse of privileged information, intentional misrepresentation of facts or any other unfair practice is not and will not be tolerated at AIA Philam Life, much more in the AIA Group.

It is also the policy of AIA Philam Life to uphold creditor's rights by honoring its contractual obligations with all its creditors and counter parties, in accordance with the provisions of their contracts and the law. In the conduct of its business dealings with third parties, AIA Philam Life undertakes to honor all its commitments, stipulations, and conditions set forth in their binding agreements.

#### **INVESTMENT CODE OF ETHICS**

AIA Philam Life believes that individual investment activities by its officers and employees should not be prohibited or discouraged. Nonetheless, the nature of AIA Philam Life's obligations necessarily require some restrictions on the investment activities of certain employees, officers, directors, and their related interests, who may be deemed Investment Access Persons.

In managing assets for AIA entities, Investment Access Persons have a responsibility to treat stakeholders fairly. This duty requires a course of conduct, consistent with other statutory obligations, that seeks to be prudent in AIA's and its stakeholders' best interest.

The AIA Investment Code of Ethics is intended to address three fundamental principles that must guide the personal investment activities of Investment Access Persons in light of their duties:

1. Place the interests of AIA and its Stakeholders first.  
Investment Access Persons must avoid serving personal interests ahead of the interests of AIA or those of its stakeholders.
2. Avoid taking inappropriate advantage of one's position as an Investment Access Person.
3. Conduct personal investing activities in such a way as to avoid even the appearance of a conflict of interest with investment activities undertaken for the AIA Portfolios.

As a member of the AIA Group, AIA Philam Life adopts the same policy and follows the same guidelines. Generally, all Investment Access Persons are required to obtain pre-clearance prior to purchasing or selling a security. In addition, Investment Access Persons must provide and certify on a regular basis their accounts and beneficial holdings as well as all transactions in securities in which they had beneficial ownership and/or control. Certain outside business activities of Investment Access Persons also need prior approvals.

#### **RELATED PARTY TRANSACTION**

AIA Philam Life recognizes the importance of establishing and maintaining policies and procedures for transactions between related parties. The Company is mandated to ensure that such transactions are only undertaken on an arm's length basis for the financial, commercial and economic benefit of the Company and the entire group where it belongs.

The Related Party Transactions (RPT) Policy of the Company is adopted to ensure that there is an effective compliance with existing laws, rules and regulations at all times; that all related party transactions are conducted on an arm's length; and that no stakeholder is unduly disadvantaged. Under the Policy, any transaction that could pose conflict of interest, or any material or special risks, credit or counterparty risks, or potential abuse to AIA Philam Life, will be considered related party transactions. Related party will be interpreted broadly to include not only transactions that are entered into with related parties as defined in the RPT Policy but also outstanding transactions that were entered into with an unrelated party which subsequently becomes a related party. It will also include such other person/ juridical entity whose interests may pose potential conflict with the interest of the Company.

The Policy requires that all RPTs should be on normal commercial terms, fair and reasonable in the interest of AIA Philam Life; in the regular course of business; and at arm's length or not undertaken on more favorable economic terms (e.g. price commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under the similar circumstances. AIA Philam Life has put in place an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the Company and its stakeholders.

If a particular transaction is considered to involve related parties, the same will be endorsed to the Regulatory and Compliance Committee for appropriate action. If RPT falls below the materiality threshold prescribed by the Policy, the Regulatory and Compliance Committee will have the authority to approve the same, subject to the Board Audit and RPT Committee's confirmation. Otherwise, the former will endorse the transaction to the latter for its consideration and approval.

All RPTs that are considered within and above the material threshold, including write-off of material exposures and renewal of material changes in the terms and conditions of the RPTs, based on the Company's Internal RPT Policy, will be endorsed by the Audit and RPT Committee to the Board of Directors for approval and to the stockholders of the Company for confirmation by majority vote, during the annual stockholders' meeting.

The Board of Directors will be the final approving authority of all material RPTs. Any member of the relevant Committees or the Board who has an interest in a transaction must abstain from deliberation and approval of such transaction.

AIA Philam Life has no RPTs that can be classified as financial assistance to entities other than wholly owned subsidiary companies.

#### **WHISTLEBLOWER PROTECTION PROGRAM**

AIA Philam Life does business with integrity and follows the highest ethical principles. Any employee (or anyone else) may raise concerns of misconduct or wrongdoing within AIA and AIA Philam Life that can allow investigation to fix any problems. The Whistleblower Protection Policy applies to all employees of the AIA Group, including AIA Philam Life. 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 AIA Philam Life of suspected illegal or improper ways of doing business involving violation of

laws, regulations, AIA or AIA Philam Life policies, and other unethical actions that might negatively impact AIA's and AIA Philam Life's reputation.

Employees who are aware of possible wrongdoing within AIA and AIA Philam Life have a responsibility to disclose that information to management. Reports are taken seriously and investigated confidentially. Employees or other individuals will not suffer retaliation for reporting suspected wrongdoing in good faith.

Speak up culture is being encouraged and widely promoted in the company. 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 AIA Philam Life can communicate with anonymous whistleblowers through a secure platform using the AIA website. The report may also be made by using the AIA Group Ethics and Compliance Hotline +852 2832 1200, via email to [compliance@aia.com](mailto:compliance@aia.com) or via (PLDT) 1010-5511-00-800-245-4179 or 105-11-800-245-4179.

### **GOOD CORPORATE CITIZENSHIP**

#### **PREVENTION OF INSIDER TRADING AND MARKET MISCONDUCT**

The AIA Group takes its obligations as a listed entity seriously and is committed to ensuring the highest standards of market conduct and fair dealing. The Hong Kong Securities and Futures Ordinance (SFO) prohibits market misconduct, including insider trading. Breaches of market misconduct laws are serious offences that attract heavy civil and criminal penalties.

Since AIA Philam Life is a member of the AIA Group, it adopts the same policy and follows the same guidelines. The Prevention of Insider Trading and Market Misconduct Policy aims to build a robust system to prevent market misconduct, including insider trading. It sets out standards and controls to ensure compliance with the regulatory requirements. Lastly, this policy prohibits employees and directors from engaging in speculative trading in AIA Group Securities and in any market misconduct such as false trading, price rigging, disclosure of false or misleading information inducing transactions and stock market manipulation.

The policy applies to all employees and directors of AIA Group and each of its subsidiaries, including AIA Philam Life. This policy defines the duty of each employee to safeguard material information from improper use. Under the policy, it is illegal to trade securities while in possession of a material non-public information and pass a material non-public information to anyone who may trade securities based on it or give others recommendations to buy or sell securities.

In connection with this, dealings in AIA Securities by certain employees, officers, directors, and their related interests, require pre-approval from the Group Company Secretary. The pre-approval of the Group Company Secretary is valid for three trading days from the date on which the pre-approval is granted. If the proposed transaction is not executed within this period, the pre-approval will lapse, and a fresh pre-approval application will need to be submitted.

Other securities about which AIA may have received or may expect to receive material, non-public information, or are otherwise subject to restrictions in trading, are placed on watch lists or restricted lists. Trading activities in securities included in these lists are restricted and/ or actively monitored.

#### **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.

AIA Philam Life's Anti-Money Laundering (AML) Program establishes the governing principles and business standards to protect AIA Philam Life and its business operations from becoming an unwitting tool of money launderers. The Company's management, officers, and staff remain vigilant in the fight against money laundering and financing of terrorism and collectively oppose any effort to violate or flaunt the anti-money laundering laws.

AIA Philam Life adopts the Nice Actimize System to support the implementation of its AML program. The system has three modules used as monitoring mechanisms. These include Watch List Filtering or Screening against PEPs and sanctioned persons, Customer Due Diligence which provides risk scoring for all customers and help determine high risk customers, and Suspicious Activity Monitoring which provides alerts on transactions that breach the red flags loaded in the system.

In 2020, the Company revisited and revised many of its processes to comply with new regulations and to support the country's efforts not to be gray listed. AIA Philam Life rolled out eLearning sessions for employees and agents to ensure strong awareness with local regulations. The Company continues to improve its processes and systems to support the implementation of its AML Program.

#### **DATA PRIVACY**

AIA Philam Life 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 AIA Philam Life commit themselves to adopt and adhere to the Policy provisions to ensure protection of personal information and sensitive data collected by and shared with the Company.

The Data Privacy Program of AIA Philam Life 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 Company and its employees.

To strengthen corporate governance, the AIA Philam Life Board of Directors appointed a Data Protection Officer for the Company 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.

AIA Philam Life'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.

#### **CREDIT INFORMATION SYSTEM ACT (CISA)**

Republic Act 9510, otherwise known as the Credit Information System Act, was passed in 2008 and created the Credit Information Commission (CIC) whose primary function is to act as the central registry of all credit information. As provided in the law, the Securities and Exchange Commission (SEC) will be the lead government agency to implement the CISA, in coordination with other relevant government agencies and private associations of financial institutions. It also prescribed additional requirements for the establishment of the Credit Information Corporation (CIC). Further, the SEC Chairman also sits as the Chairman of the Board of the CIC.

CISA addresses the need for a comprehensive, centralized, and reliable credit information system intended to:

1. Improve the overall availability of credit to Micro Small and Medium Enterprises (MSMEs);
2. Provide credit information at the least cost to eligible participants;
3. Ensure the protection of consumer rights and the existence of fair competition in the industry at all times;
4. Reduce the overall credit risk thereby contributing to a healthier and more stable financial system.

The CIC has three (3) important functions:

1. To receive and consolidate basic credit data;
2. To act as a central registry or repository of credit information; and
3. To provide access to reliable, standardized information on credit history and financial condition of borrowers.

AIA Philam Life, as one of the covered companies under financial institutions, supports the Commission's program and adheres to the requirements of the law by establishing its own set of systems and processes to ensure compliance with the requirements.

### **COMMUNICATION WITH REGULATORS AND OTHER GOVERNMENT OFFICIALS**

Inquiries from regulators outside the normal course of AIA Philam Life's regulatory relationships must be reported immediately to the Compliance Officer or a designated Legal Counsel before a response is made.

Financial reporting-related inquiries may be responded to by authorized comptrollers. Responses to regulators must contain complete, factual and accurate information. During a regulatory inspection or examination, documents must never be concealed, destroyed or altered, nor must lies or misleading statements be made to regulators. Requests from auditors are subject to the same standards.

### **EMPLOYEE WELFARE**

#### **SAFE, HEALTHY AND SECURE WORKPLACE**

AIA Philam Life is a Safe, Healthy, and Secure Workplace. It observes Occupational Safety, Security, and Health Standards being promoted by the Department of Labor and Employment. AIA Philam Life conducts its business in a manner that protects the health, safety, and security of its 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 the Company's security, fire and life safety, or emergency readiness.

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

The Company abides by local labor and employment laws including those addressing discrimination and harassment. Its Code of Conduct also mandates that employees 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.

AIA Philam Life respects the personal information and property of employees. Employees expect the Company 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 only authorized for appropriate personnel with a legitimate reason to access such information or property. From time to time, AIA Philam Life 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 AIA Philam Life's information technology resources.

#### **DISCIPLINARY GUIDELINES**

The Company takes appropriate action against erring employees who violate company policies and procedures or exhibited any aberrant behavior. Violating applicable laws, regulations, or the Company's Code of Conduct, or encouraging others to do so may result in disciplinary action. Failing to promptly report known violations by others also may be a violation of the Code of Conduct.

#### **MARKET CONDUCT GUIDELINES**

AIA Philam Life envisions itself as having one of the highest sales standards in the Philippine life insurance industry. All agents and agency leaders 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 agents and agency leaders 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. Compliance with these guidelines does not ensure a continued contractual relationship with AIA Philam Life. The Company reserves the right at all times to terminate the contract of any agent in accordance with the terms of the contract entered into between AIA Philam Life and that of the agent.

The Market Conduct Committee evaluates all complaints and determines whether an agent has committed any wrongdoing. Any agent 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 Company's management to enable AIA Philam Life to continue operating according to the highest ethical business standards and the applicable laws and regulations.

### 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 the Company 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.

### REPRESENTING THE COMPANY'S BRAND

#### SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

AIA contributes positively to the social and economic development of the communities in which it operates, with support extended to people and communities in need. AIA and its employees volunteer time and funds to programs that promote health, financial literacy, education and other

community needs. AIA is committed to reducing the impact of its operations on the environment and raising awareness about sustainability by taking part in activities that highlight these issues.

In 2020, AIA Philam Life provided free death benefit to all frontline health workers of AIA Philam Life partner hospitals.

AIA Philam Life recognizes the value of social media to engage with stakeholders in innovative and interactive ways. When using social media, every employee must conduct themselves professionally. Its Social Media Policy and Guidelines are intended to provide guidance to all AIA and AIA Philam Life employees on how to use social media to market the AIA brand, as well as the basic principles all employees should follow when using social media in a professional or personal capacity where it may affect an employee's performance or AIA's business interests. The guidelines also apply to any comments employees may make or leave on other social media pages, edits to wikis, responses to tweets, postings on message boards/ fora, opinions on online polls or any product/ services AIA might create. Any breaches of the policy could lead to disciplinary action including dismissal. This Policy will be revised in 2021 to ensure that the Company continuously provides the necessary guidance to financial advisors and employees in maximizing social media effectively, and within bounds.

#### SOURCING POLICY/ VENDOR MANAGEMENT

Business partners serve as extensions of AIA Philam Life 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 an AIA Philam Life employee. Employees must ensure that customers, agents, and suppliers do not exploit their relationship with AIA Philam Life or use AIA Philam Life's 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 AIA Philam Life's operating cost. Any activity by a line of business to acquire goods/ services must be undertaken in a professional manner to ensure that the Company 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 AIA Philam Life must engage external suppliers for goods/ services, and is supplemented by AIA Philam Life's Sourcing Practice Guide. This provides the Company with standard processes and document templates in engaging suppliers that should be read in conjunction with the policy document.

The AIA Philam Life 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**

AIA Philam Life selects suppliers and vendors 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.

AIA Philam Life seeks supplier partnerships with diverse businesses, and values suppliers that share the Company's dedication and commitment to diversity and social responsibility.

### **CONTRACT MANAGEMENT**

AIA Philam Life adopted its Guidelines on Contract Management in October 2018, which aims to support the Philam Group in developing a sound, consistent and effective approach to manage its diverse range of contracts. It deliberately focuses on the activities associated with the operational phase of the contract, from negotiations to awarding, and until execution and termination. To facilitate proper implementation, the Guidelines were cascaded to records coordinators and contract managers.

## **ENTERPRISE RISK MANAGEMENT**

### **ENHANCING VALUE BY ENSURING STABILITY**

AIA Philam Life 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 the Company, 2) a clear and effective Risk Management Framework that promulgates how risks are defined, measured, and mitigated.

AIA Philam Life operates using the three lines of defense model in running its Risk Management Framework (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 RMF is governed by the AIA Philam Life 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 AIA Philam Life Board Risk Committee (BRC) which is responsible for oversight of the Company's risk management activities. The BRC determines the Risk Appetite, the Risk Management Statement, and the Risk Management Framework of AIA Philam Life, and advises and assists the Board of Directors in the review and approval of these matters.

To complement the GRMC at a grassroots level, a sub meeting called Functional Unit Risk Management Meeting (FuRMM) was created to which each functional unit follows a framework/minimum agenda to ensure that risk and compliance matters are regularly identified, assessed and mitigated. This committee is chaired by the risk owner of each of the functional units.

The Company has identified Risk Management Champions known as Risk and Compliance Champions (RICOs) in each functional unit to drive awareness of risk exposures and provide guidance on the RMF so they may be managed effectively. The RICOs run regular FuRMMs in order to properly document risk incidents, outstanding risks and measures taken, and identify new or emerging factors for risks such as new regulations, changes in market environment, etc.

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).

The Company operates under a "Three Lines of Defense" governance model.

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.

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.

An independent Audit Function acts as the Third Line of Defense to provide the Board of Directors with insights on risk control effectiveness. Group Internal Audit (GIA) is responsible for providing independent assurance over the effectiveness of the RMF, including key internal controls, and makes recommendations based on audit findings.

The above are key parts of driving a strong risk culture with methods and values embedded across the different parts of the organization and corporate hierarchy.

### MANAGING FINANCIAL RISKS

AIA Philam Life's exposure to financial risk is managed within tolerances agreed by the Board and the GRMC. As an internal control procedure, risk metrics, risk tolerances, and limits were set to monitor risk exposure and to ensure that the Company is operating within the Risk Appetite. Financial risk is also managed by periodically running specific scenario-modelling exercises.

Financial risk is subdivided into credit risk, market risk, and liquidity risk. The primary source of credit risk is the investment portfolio, but such risk could also arise through reinsurance, procurement, and treasury activities. Credit risk management starts with the assignment of internal ratings to all counterparties.

The BRC approves a matrix of risk tolerances that ensures that credit risk in the investment portfolio is contained within the Risk Appetite. These limits cover individual counterparty, sector concentration, and cross-border exposures. The Investments Team has discretion to shape the portfolio within these credit limits, seeking further approvals through the risk governance framework. If certain investments are technically within credit limits but there is a specific concern, these are brought to the attention of the RMC or the Investments Committee, as appropriate.

Market risk is the risk of financial loss from adverse movements in the value of assets owing to market factors, including changes in interest and foreign exchange rates, as well as movements in the spread of credit instruments to corresponding bonds, "Credit Spread Risk" and in equity and property prices.

The BRC approves policies and metrics used in evaluating market risk exposures. The different Market Risks are managed thusly:

**Interest Rate Risk:** by ensuring appropriate insurance design and underlying assumptions as part of the product approval process and by matching, to the extent possible and appropriate, the duration of investment assets with the duration of insurance liabilities. Interest Rate Risk arises from any difference between the duration of the Company's liabilities and assets, in particular in relation to the reinvestment of maturing assets to meet commitments, predominantly in insurance liabilities. This exposure can be heightened in products with inherent options or guarantees.

**Credit Spread Risk:** by focusing on the overall quality and diversification of investment portfolios and avoid excessive volatility in their mark-to-market value. Credit Spread Risk arises from changes in the market value of non-government securities as a result of a change in perception as to their likelihood of repayment.

**Equity Price Risk:** by managing concentrations and volatility in equity exposures, which are included in the aggregate exposure reports on individual counterparties to ensure concentrations are avoided. Equity Price Risk arises from changes in the market value of equity securities and equity funds. Investment in equity set on a long-term basis is expected to provide diversification benefits and improve returns.

**Foreign Exchange Rate Risk:** by matching assets and liabilities by currency. Foreign Exchange Risks arise from the translation of dollar-denominated assets and liabilities to local currency for financial reporting purposes.

**Liquidity Risk** occurs in two ways: Financial Liquidity Risk and Investment Liquidity Risk. Financial Liquidity Risk is managed by determining limits for activities to ensure that sufficient cash is available to meet payment options to counterparties when they fall due. Investment Liquidity Risk is managed through continuous assessment of the relative liquidity of the Company's assets and managing the size of individual holdings through limits.

### MANAGING OPERATIONAL RISKS

Operational Risk, on the other hand, is managed using the Operational Risk and Control Framework (ORCF). The framework starts with a prescription of the risk taxonomy. The taxonomy is an inventory of operational risks which is also known as Key Operational Risks (KOR).

At least once a year, business units are required to assess the KORs that are applicable to their operations for proper risk

management. At an Enterprise Level, an Executive Committee member has been identified to own each of these KORs for management and governance.

KORs are divided into nine high level risks, namely: (1) Conduct; (2) Execution, Delivery and Process Management; (3) External Event; (4) Financial Crime; (5) Fraud; (6) People; (7) Information Security; (8) Technology and (9) Legal and Compliance. These KORs are defined to greater granularity in each of the impacted business unit with appropriate controls regularly assessed for effectiveness.

KORs are measured inherently and residually using the risk assessment methodology. Inherent means assessment is solely based on the profile of the KOR, while residual considers the controls attached to these risks to either mitigate or reduce the effect of such risk should it crystalize. Key Risk Indicators (KRI) are used as indicative data of the risk profile on top of the control assessment.

Risk assessment is conducted on a quarterly basis where the result is presented and discussed in each business unit's FuRMM. Risk assessment result would identify the position of each key risk in relation to the Risk Appetite. In the event that the risk is above the approved appetite, Risk Owner needs to propose a remediation plan which will be presented to and monitored at the above committees mentioned.

### **MANAGING PRODUCT RISK**

The development, pricing and underwriting of products must have regard to the following over-arching principles:

**Purpose.** Products must serve a defined business purpose.

**Compliance.** Products must comply with all applicable laws, regulations and internal policies.

**Customer-Centricity.** Products should provide attractive value to customers and reasonable compensation to distributors. Products should fulfill the principles stated in the Customer Commitment Policy.

**Profitability.** Products should generate reasonable profit to the company at a reasonable pace.

**Capital Efficiency.** Products should deliver a minimum return on the capital consumed; not consume excessive capital of the company; and not tie up the company's capital for a prolonged period.

**Sustainability and Risk Management.** Products should remain profitable within a reasonable range of adverse deviations from pricing assumptions. A product must be priced using prudent pricing assumptions based on timely experience

studies. Appropriate cost of options and guarantees needs to be reflected in the pricing of products with embedded options and guarantees. Pricing assumptions should reflect appropriate asset-liability management.

### **AUDIT AND RELATED PARTY TRANSACTIONS (RPT) COMMITTEE**

The Audit and Related Party Transactions (RPT) Committee of AIA Philam Life is an independent committee formed by the Board of Directors to assist the Board in the performance of its duties and responsibilities, specifically in ensuring that governance, internal controls, and risk management systems of the Company are in place.

In 2020, the Audit and RPT Committee members were Antonino Aquino as the Chairman, and Joaquin Quintos IV, and Francis Estrada as members, all of whom are independent directors. Each Audit and RPT Committee member met the necessary requirements of the Securities and Exchange Commission, the Revised Code of Corporate Governance and other applicable laws and regulations in the Philippines. See Section IX for the profile of the Audit and RPT Committee members.

The Audit and RPT Committee has adopted formal terms of reference (Terms of Reference for the Audit and RPT Committee) to detail its responsibility for oversight of the Company's corporate governance process. The Committee, while exercising its oversight role, relies on the expertise of Management and works with Group Internal Audit – Philippines (GIAPH) and External Auditors, Isla Lipana & Co./ PricewaterhouseCoopers, to ensure the integrity of the financial statements and the continuous review of the Company's governance process, risk management and internal controls including compliance with the law and relevant standards.

The Audit and RPT Committee, in accordance with its responsibilities outlined in the Terms of Reference for the Audit and RPT Committee, developed an annual calendar and meeting agenda for 2020. From 1 January to 31 December 2020, the Audit and RPT Committee met four times. In these meetings, the Audit and RPT Committee met with Senior Management, GIAPH, the Compliance Office and the Company's External Auditors. Among the agenda items discussed were the approval of the Annual Audit plan, Group Internal Audit updates, results of Compliance reviews, approval of significant related party transactions and updates from the External Auditors. Group Internal Audit updates include the results of completed audit projects, the status of the audit plan, and tracking of open issues. In 2020, the Audit and RPT Committee also met separately with GIAPH and the External Auditors without management being present.

## GROUP INTERNAL AUDIT

The Terms of Reference for the Audit and RPT Committee provides the Committee the authority to organize an internal audit function, and to approve the appointment, resignation and dismissal of an independent internal auditor as well as the terms and conditions of appointment and dismissal, in consultation with the AIA Group Head of Internal Audit. The internal audit function of AIA Philam Life is carried out by GIAPH.

GIAPH's mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls, and governance processes across the Company, and appropriately challenge executive management to improve the effectiveness of these processes. GIAPH is directly overseen and supported by the AIA Group Internal Audit, reports functionally to the Audit and RPT Committee, and administratively to the Chief Executive Officer. GIAPH adopts a risk-based audit plan which considers the significant risks affecting the strategies and key objectives of the Company. These risks include financial, operational, compliance and industry's emerging risks, among others. In finalizing the audit plan of GIAPH, input and expectations from key stakeholders are considered prior to the final approval by the Audit and RPT Committee. The Audit and RPT Committee ensures that GIAPH is authorized to have complete and unrestricted access to AIA Philam Life's records, properties and personnel in the discharging of their responsibilities.

The Head of GIAPH, on behalf of GIAPH, is responsible for reporting the result and status of internal audit work to the Audit and RPT Committee on a regular basis. In overseeing the internal audit function, the Audit and RPT Committee is actively involved in approving the audit plan including any subsequent changes, assessing the result of audit engagements and monitoring the resolution of key issues identified. The Audit and RPT Committee is aware of the process by which assessment of the effectiveness of internal controls, risk management, financial reporting, and information technology security are conducted.

## ENGAGEMENT OF EXTERNAL AUDITORS

The Audit and RPT Committee, on behalf of the Board of Directors, is responsible for the appointment, re-appointment, or removal of the External Auditors. For 2020, the Audit and RPT Committee has approved the re-appointment of Isla Lipana & Co./ PricewaterhouseCoopers as the External Auditor. The Audit and RPT Committee has reviewed and approved accordingly the scope and coverage of the Statutory Audit for 2020. Although Management has the primary responsibility for the financial statements and the reporting process, the Audit and RPT Committee, having the oversight role, has noted and reviewed the audited financial statements for the calendar year 2020. The Audit and RPT Committee concurred and accepted the conclusion of the External

Auditors on the financial statements, and was satisfied that the financial statements were in compliance with Philippine Financial Reporting Standards as assessed by the External Auditors.

For 2020, the audit fees of Isla Lipana & Co./PricewaterhouseCoopers amounted to twelve million five hundred ninety-one thousand and one hundred nine Philippine Pesos (PHP12,591,109.00), exclusive of out-of-pocket expenses and value added tax (VAT). There were no non-audit fees paid to Isla Lipana & Co./PricewaterhouseCoopers for 2020.

## RELATED PARTY TRANSACTIONS POLICY

AIA Philam Life recognizes that related party transactions are generally allowed, but they should be done fairly and on an arm's length basis to ensure that the interest of the Company, its shareholders, policyholders, clients, creditors, and other stakeholders are adequately protected.

The Related Party Transactions (RPT) Policy of the Company sets forth the necessary control system to ensure the effective management of related party transactions. Under the Policy, any transaction that could pose conflict of interest, or any material or special risks, credit or counterparty risks, or potential abuse to AIA Philam Life, will be considered related party transactions. Related party will be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party which subsequently becomes a related party.

The Policy requires that all RPTs should be on normal commercial terms, at arm's length, and fair and reasonable in the interest of AIA Philam Life. A transaction may be deemed to be at arm's length if no preferential treatment is given to a related party and the terms and conditions are not more favorable than similar transactions with non-related parties. AIA Philam Life has put in place an effective price discovery system (i.e. transfer pricing study) and due diligence process to determine the fair price for RPTs.

If a particular transaction is considered to involve related parties, the same will be endorsed to the Regulatory and Compliance Committee for appropriate action. The Committee should, to the extent applicable, take into account the following considerations:

- a) reputational risk issues, if any;
- b) possible improper conflict of interest taking into account the size of the transaction and the significant influence of any director, officer, stockholder, related interest or close family members in the outcome of the transaction;

- c) the availability of other sources of comparable products or services;
- d) material facts and proposed aggregate value of the transaction; and,
- e) any other relevant information (e.g. price discovery mechanism, etc.) to allow determination if the terms are comparable to those given to unrelated parties or reasonable under the circumstances.

If RPT falls below the materiality threshold prescribed by the Policy, the Regulatory and Compliance Committee will have the authority to approve the same, subject to the Audit and RPT Committee's confirmation. Otherwise, the former will endorse the transaction to the latter for its consideration and approval.

The Related Party Transaction Committee will be responsible for the following.

- 1) Assist the Board in carrying out its responsibilities pertaining to related party transactions, particularly in ensuring that all transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations;
- 2) Evaluate on an ongoing basis the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from nonrelated to related and vice versa) are captured;
- 3) Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Company are misappropriated or misapplied; and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions;

- 4) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interests. The disclosure will include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- 5) Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process; and
- 6) oversee implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

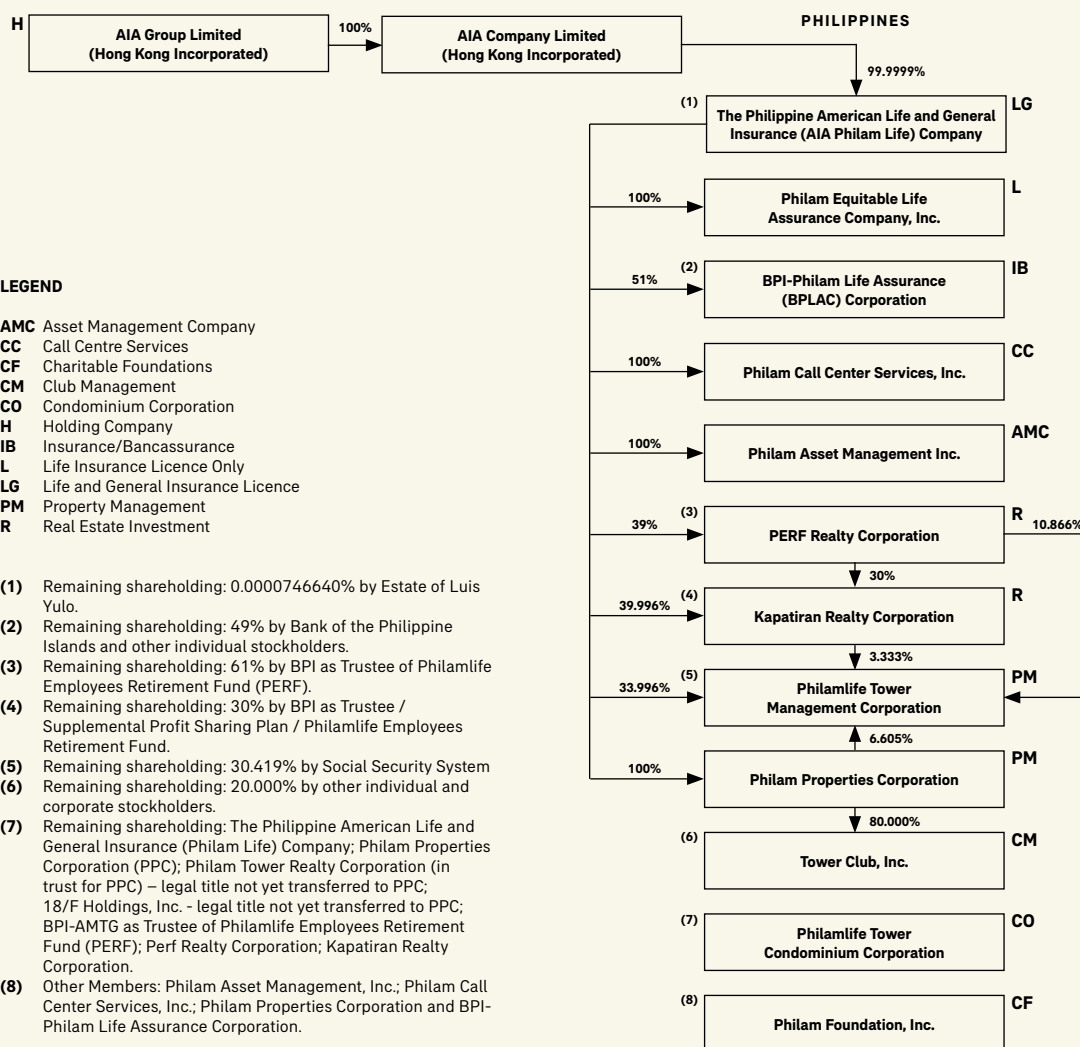
All RPTs that are considered material, including write-off of material exposures and renewal of material changes in the terms and conditions of the RPTs, based on the Company's Internal RPT Policy, will be endorsed by the Audit and RPT Committee to the Board of Directors for approval and to the stockholders of the Company for confirmation, during the annual stockholders' meeting.

The Board of Directors will be the final approving authority of all material RPTs. Any member of the relevant Committees or the Board who has an interest in a transaction must abstain from deliberation and approval of such transaction.

**LIST OF STOCKHOLDERS**

	Shares Held	Class	Amount Paid	Percent of Ownership	Nationality	Beneficiary Ownership
<b>AIA Company Limited</b>	199,560,514	Common	1,995,605,140.00	99.99993%	Hong Kong SAR	
<b>Jacky Chan</b> (Non-Executive Director/Chairman)	1	Common	10.00		Chinese	AIA Company Ltd
<b>Kelvin Ang</b> (Executive Director/Chief Executive Officer)	1	Common	10.00		Malaysian	AIA Company Ltd
<b>Mitchell David New</b> (Non-Executive Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Francis G. Estrada</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Antonino T. Aquino</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Joaquin E. Quintos IV</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Doris Magsaysay Ho</b> (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd
<b>Jayne Plunkett</b> (Non-Executive Director)	1	Common	10.00		Canadian	AIA Company Ltd
<b>Estate of Luis Yulo</b>	149	Common	1,490.00	0.00007%	Filipino	
<b>TOTAL</b>	<b>199,560,671</b>		<b>1,995,606,710.00</b>	<b>100.00000%</b>		

**PHILAM GROUP CHART OF OWNERSHIP**



**CAPITAL STRUCTURE**

**Authorised Capital Stock:**

PHP2,000,000,000.00

**Subscribed and Paid-Up:**

PHP1,995,606,710.00

**No. of Shares Issued and Outstanding:**

199,560,671 shares

**Treasury Share:**

439,329 as of April 2016

**Par Value:**

PHP10.00/share



HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES

# AUDITED FINANCIAL STATEMENTS









**The Philippine American Life and General Insurance Company**

16F – 18F Philam Life Head Office  
Six/NEO (formerly Net Lima Building)  
5<sup>th</sup> Avenue cor. 26<sup>th</sup> Street  
Bonifacio Global City, Taguig 1643, Philippines  
T: (632) 8521 6300 / (632) 8526 9200  
E: philamlife@aia.com  
W: philamlife.com  
Customer Hotline: (632) 8528 2000

**STATEMENT OF MANAGEMENT’S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of The Philippine American Life and General Insurance (Philam Life) Company is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the shareholders.

Isla Lipana & Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature   
Mr. Wing Shing Chan  
Chairman of the Board

Signature   
Mr. Chee Keong (Kelvin) Ang  
President and Chief Executive Officer

Signature   
Mr. Gary Ogilvie  
Chief Financial Officer

Signed this 27th day of April 2021

## Statements of Financial Position

December 31, 2020 and 2019

All amounts in thousands of Philippines Peso

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	4,882,391	5,580,378
Insurance receivables, net	17,483,827	20,410,873
Financial assets at fair value through profit or loss	63,545,661	60,387,375
Available-for-sale financial assets	164,516,396	161,348,699
Loans and receivables, net	20,072,704	23,064,195
Accrued income	3,086,256	3,271,787
Investments in subsidiaries and associates	3,197,523	3,197,523
Investment properties	6,560,685	6,898,104
Property and equipment, net	2,810,234	2,911,451
Other assets, net	5,478,812	5,903,891
<b>Total assets</b>	<b>291,634,489</b>	<b>292,974,276</b>
<b>Liabilities and Equity</b>		
Insurance contract liabilities, net	175,614,254	160,896,347
Policyholders' dividends	7,146,352	7,391,566
Liabilities for supplementary contracts	659,854	614,723
Premium deposit fund	935,037	980,850
Insurance payables	17,355,101	22,493,292
Accounts payable and accrued expenses	5,678,741	5,371,540
Deferred tax liabilities, net	1,056,697	1,236,653
Other liabilities	2,989,323	2,787,785
<b>Total liabilities</b>	<b>211,435,359</b>	<b>201,772,756</b>
Share capital	2,000,000	2,000,000
Contributed surplus	25,000	25,000
Treasury shares	(109,832)	(109,832)
Reserves	15,817,729	23,413,288
Retained earnings	62,466,233	65,873,064
<b>Total equity</b>	<b>80,199,130</b>	<b>91,201,520</b>
<b>Total liabilities and equity</b>	<b>291,634,489</b>	<b>292,974,276</b>

## Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

All amounts in thousands of Philippines Peso

	2020	2019
<b>Premiums and Other Income</b>		
Gross premiums on insurance contracts	18,516,237	20,875,091
Reinsurers' share of gross premiums on insurance contracts	(1,750,191)	(4,238,656)
Net insurance premiums	16,766,046	16,636,435
Investment income	11,655,500	13,110,527
Fee income from unit-linked funds	1,209,017	1,201,091
Fair value (losses) gains, net	(2,842,226)	3,485,694
Realized gains on available-for-sale financial assets, net	908,549	720,356
Foreign exchange gains (losses), net	(2,059,404)	(1,410,574)
Other income, net	69,402	386,011
<b>Total premiums and other income</b>	<b>25,706,884</b>	<b>34,129,540</b>
<b>Expenses</b>		
Benefits and claims paid on insurance contracts, net	11,885,084	18,833,597
Change in insurance contract liabilities, net	1,262,578	(344,927)
Commissions and other acquisition expenses	1,180,928	2,308,822
General and administrative expenses	3,380,612	3,050,412
Investment expenses	976,688	816,003
Insurance taxes, licenses and fees	239,943	270,804
<b>Total expenses</b>	<b>18,925,833</b>	<b>24,934,711</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>6,781,051</b>	<b>9,194,829</b>
INCOME TAX EXPENSE	1,289,472	1,508,936
<b>NET INCOME FOR THE YEAR</b>	<b>5,491,579</b>	<b>7,685,893</b>
<b>Other Comprehensive Income (Loss)</b>		
Item that will be subsequently reclassified to profit or loss		
Net fair value changes on available-for-sale financial assets	9,253,539	20,317,333
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of insurance contract liabilities	(16,511,178)	(9,997,746)
Remeasurement of retirement and other post-employment benefit schemes	(348,947)	7,265
Fair value (losses) gains on property and equipment, net	7,120	31,037
<b>Total other comprehensive (loss) income</b>	<b>(7,599,466)</b>	<b>10,357,889</b>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<b>(2,107,887)</b>	<b>18,043,782</b>

## Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

All amounts in thousands of Philippines Peso

	Share capital	Contributed surplus	Treasury shares	Reserves	Retained earnings		Total equity
					Appropriated	Unappropriated	
<b>BALANCES AS AT JANUARY 1, 2019</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>13,043,885</b>	<b>7,425,653</b>	<b>58,187,171</b>	<b>80,571,877</b>
<b>COMPREHENSIVE INCOME (LOSS)</b>							
FOR THE YEAR							
Net income for the year	-	-	-	-	-	7,685,893	7,685,893
Other comprehensive income	-	-	-	10,357,889	-	-	10,357,889
	-	-	-	10,357,889	-	7,685,893	18,043,782
<b>TRANSACTIONS WITH OWNERS</b>							
Release of appropriation	-	-	-	-	(7,425,653)	7,425,653	-
Dividend payment	-	-	-	-	-	(7,425,653)	(7,425,653)
Cost of share-based payments	-	-	-	11,514	-	-	11,514
	-	-	-	11,514	(7,425,653)	-	(7,414,139)
<b>BALANCES AS AT DECEMBER 31, 2019</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>23,413,288</b>	<b>-</b>	<b>65,873,064</b>	<b>91,201,520</b>
<b>COMPREHENSIVE INCOME (LOSS)</b>							
FOR THE YEAR							
Net income for the year	-	-	-	-	-	5,491,579	5,491,579
Other comprehensive income	-	-	-	(7,599,466)	-	-	(7,599,466)
	-	-	-	(7,599,466)	-	5,491,579	(2,107,887)
<b>TRANSACTIONS WITH OWNERS</b>							
Dividend payment	-	-	-	-	-	(8,898,410)	(8,898,410)
Cost of share-based payments	-	-	-	3,907	-	-	3,907
	-	-	-	-	-	(8,898,410)	(8,894,503)
<b>BALANCES AS AT DECEMBER 31, 2020</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>15,817,729</b>	<b>-</b>	<b>62,466,233</b>	<b>80,199,130</b>

**Related party transactions**

In addition to the Ultimate Parent Company, Parent Company, the Company's subsidiaries and associates and PAMI-managed funds, the Company transacts with the following related parties in the normal course of conducting its business:

Related party	Relationship
AIA Re	Related entity under common control of the Ultimate Parent Company
AIA Shared Services (Hong Kong) Limited	Related entity under common control of the Ultimate Parent Company
AIA IT Guangzhou Co. Ltd.	Related entity under common control of the Ultimate Parent Company
AIA IT (Beijing) Co. Ltd.	Related entity under common control of the Ultimate Parent Company
AIA Shared Services Sdn. Bhd.	Related entity under common control of the Ultimate Parent Company
AIA Investment Management Private Limited	Related entity under common control of the Ultimate Parent Company
AIA Singapore Private Limited	Related entity under common control of the Ultimate Parent Company
Tower Club, Inc. ("TCI")	Related entity under common control through PPC
Philamlife Tower Condominium Corporation	Other related entity
Philam Foundation Inc. ("PFI")	Other related entity

**1 Summary of transactions with related parties**

The significant related party balances and transactions as at and for the years ended December 31 are summarized as follows:

**1.1 Insurance activities with related parties**

As part of the Company's insurance business, the Company entered into various reinsurance agreements with its related parties.

	2020		2019	
	Transactions during the year	Outstanding net balances at December 31	Transactions during the year	Outstanding net balances at December 31
Parent Company				
Premiums ceded	40,343	8,877	2,349	412
Benefits ceded	(18,528)		(1,639)	
Commissions ceded	(5,171)			
Related entities under common control of the Ultimate Parent Company				
Premiums ceded	1,140,319	182,474	3,670,678	(206,720)
Benefits ceded	41,490		(2,239,627)	
Commissions ceded	(747,221)		(664,633)	
Subsidiaries				
Premiums assumed	(200,186)	(1,605,630)	(348,626)	(1,672,766)
Benefits assumed	195,913		(107,869)	
Commissions assumed	156,995		207,751	

The Company entered into a coinsurance agreement with AIA Re (as reinsurer) which required the Company to hold certain amounts (funds withheld) on behalf of AIA Re. As at December 31, 2020, funds withheld for AIA Re amounts to P17,911.2 (2019 - 18,916.5).

**1.2 Investment and financing activities with related parties**

	2020		2019	
	Transactions during the year	Outstanding net balances at December 31	Transactions during the year	Outstanding net balances at December 31
Ultimate Parent Company				
Notes receivable				
Principal*	-	31,173,430	-	31,365,549
Interest*	(961,806)	243,192	(1,091,507)	266,331
Parent Company				
Dividends paid to Parent Company	8,898,403	-	7,425,647	-
Related entities under common control of the Ultimate Parent Company				
Investment management fees	50,684	-	5,061	(5,058)

<b>Subsidiaries</b>				
Capital infusion	-	-	250,000	-
<b>Mortgage and other loans</b>				
Principal	(84,006)	452,678	(61,367)	536,684
Interest	(36,744)	142,893	(42,686)	185,847
Dividend income from subsidiaries	(201,532)	200,036	(871,682)	135,000
Investment management fees	(57,209)	-	(712,936)	-
<b>Associates</b>				
Dividend income	-	-	(16,792)	-
<b>Managed funds</b>				
<b>Investment placements</b>				
Purchases	6,305,742	47,703,663	5,877,644	43,694,279
Disposals	(320,264)	-	(565,254)	-

\*Includes impact of foreign currency revaluation

- (a) The Company invested in medium-term notes issued by AIAGL. These are classified as part of AFS financial assets. The notes will mature on various dates ranging from 2023 to 2027 and bear interest based on LIBOR.
- (b) The Company entered into various loans payable on demand with PRC for operations and investments purposes which bears interest of 6% paid semi-annually and matures in 2027. The Company also has a secured loans receivable from KRC which bears annual interest of 15.5% and matures in 2025 (with a two-year grace period on the principal). This loan is collateralized by a parcel of land owned by KRC with a fair value of P43.5 million as at December 31, 2020 (2019 - P47.10 million).

The movement in the loan balance for the years ended December 31 follow:

	PRC	KRC	Total
As at January 1, 2019	582,687	15,364	598,051
Principal repayment	(60,000)	(1,367)	(61,367)
As at December 31, 2019	522,687	13,997	536,684
Principal repayment	(82,427)	(1,579)	(84,006)
As at December 31, 2020	440,260	12,418	452,678

- (c) The Company invests in mutual funds managed by PAMI until 2019 as the funds were transferred to BIML. The investment in mutual funds are classified as AFS financial assets with mark-to-market movements taken up directly to equity. The Company also pays PAMI management fees for PAMI's services as investment manager of the Company's investments.

### 1.3 Shared service activities and other transactions with related parties

Transactions under this category include non-interest-bearing cash advances to and from subsidiaries and entity under common control for payment of other expenses, rental, management and other service fees, and donations.

	2020		2019	
	Transactions during the year	Outstanding net balances at December 31	Transactions during the year	Outstanding net balances at December 31
Ultimate Parent Company				
Shared services and other charges	60,090	(15,262)	44,984	(19,833)
Parent Company	581,957	(185,346)	475,332	(154,398)
Related entities under common control of the Ultimate Parent Company	569,265	(75,626)	446,617	(132,250)
Subsidiaries	(1,388,007)	31,486	(1,235,925)	326,413
Other related entity	5,661	415	50,242	-

## 2 Reconciliation of outstanding related party balances as at December 31

The outstanding balances arising from transactions with related parties are unguaranteed and unsecured (except for collateralized loans receivable), non-interest-bearing (other than loans and notes receivable which are interest-bearing) and are payable on demand (except those with fixed maturity/repayment dates). The amounts will be settled in cash at gross amounts. There are no guarantees provided arising from transactions with related parties. No provision for impairment has been made for amounts owed by related parties since collection is deemed to be reasonably certain.

The significant related party balances and transactions as at and for the years ended December 31 are summarized as follows:

### (a) Receivable balances arising from:

	Insurance activities	Investment and financing activities	Shared service activities and other transactions	Total
<b>2020</b>				
Ultimate Parent Company	-	31,416,622	-	31,416,622
Parent Company	3,351	-	-	3,351
Related entities under common control of the Ultimate Parent Company	16,442,751	-	-	16,442,751
Subsidiaries	408,210	795,607	53,546	1,257,363
Other related entity	-	-	415	415
Managed funds	-	47,703,663	-	47,703,663
	<b>16,854,312</b>	<b>79,915,892</b>	<b>53,961</b>	<b>96,824,165</b>
<b>2019</b>				
Ultimate Parent Company	-	31,631,880	-	31,631,880
Parent Company	2,210	-	101	2,311
Related entities under common control of the Ultimate Parent Company	19,559,644	-	-	19,559,644
Subsidiaries	185,027	857,531	348,616	1,391,174
Managed funds	-	43,694,279	-	43,694,279
	<b>19,746,881</b>	<b>76,183,690</b>	<b>348,717</b>	<b>96,279,288</b>

Receivable balances are included under the following accounts in the statement of financial position as at December 31:

	2020	2019
Financial assets at FVTPL	47,703,663	43,694,279
AFS financial assets	31,173,430	31,365,549
Insurance receivables, net	16,854,310	19,746,881
Loans and receivables, net	706,676	885,401
Accrued income	386,086	587,178
	<b>96,824,165</b>	<b>96,279,288</b>

### (b) Payable balances arising from:

	Insurance activities	Investment and financing activities	Shared service activities and other transactions	Total
<b>2020</b>				
Ultimate Parent Company	-	-	15,262	15,262
Parent Company	(5,526)	-	185,346	179,820
Related entities under common control of the Ultimate Parent Company	16,260,277	-	75,626	16,335,903
Subsidiaries	2,013,840	-	22,060	2,035,900
	<b>18,268,591</b>	<b>-</b>	<b>298,294</b>	<b>18,566,885</b>
<b>2019</b>				
Ultimate Parent Company	-	-	19,833	19,833
Parent Company	1,798	-	154,499	156,297
Related entities under common control of the Ultimate Parent Company	19,766,364	5,058	132,250	19,903,672
Subsidiaries	1,857,793	-	22,204	1,879,997
	<b>21,625,955</b>	<b>5,058</b>	<b>328,786</b>	<b>21,959,799</b>



Payable balances are included under the following accounts in the statement of financial position as at December 31:

	2020	2019
Insurance payables	18,475,801	21,904,430
Accounts payable and accrued expenses	298,294	333,844
Insurance contract liabilities	(207,210)	(278,475)
	18,566,885	21,959,799

### 3 Transactions with key management personnel and employee retirement funds

Key management personnel of the Company include all officers with the rank of Vice-President and up.

The salaries, wages and other employment benefits paid to the Company's key management personnel for the years ended December 31 follow:

	2020	2019
Salaries, wages and other benefits, including share-based compensation	506,040	441,315
Retirement benefits	50,711	1,685
	556,751	443,000

As at December 31, 2020, outstanding receivables from key management personnel amount to nil (2019 - P7.97 million) and is presented as part of Loans and receivables, net. There are no payable balances due to key management personnel for the years ended December 31, 2020 and 2019.

For the year ended December 31, 2020, the total remuneration of the Company's directors is P8.24 million (2019 - P7.96 million).

The Company's transaction with the employee retirement funds for the years ended December 31, 2020 and 2019 are limited to contributions and benefit payments to retiring employees.



## **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 stakeholders 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), and Philam Foundation.

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.

## **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 SAR<sup>1</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR<sup>2</sup> 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").

<sup>1</sup> Hong Kong SAR refers to Hong Kong Special Administrative Region.

<sup>2</sup> Macau SAR refers to Macau Special Administrative Region.



**The Philippine American Life and General Insurance Company**

16F – 18F Philam Life Head Office, Six/NEO (formerly Net Lima Building)

5th Avenue cor. 26th Street, Bonifacio Global City, Taguig 1634, Philippines

Tel: (632) 8521 6300 / (632) 8526 9200 Email: [philamlife@aia.com](mailto:philamlife@aia.com) Web: [philamlife.com](http://philamlife.com)

Customer Hotline: (632) 8528 2000

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