

Generali Life Assurance Philippines, Inc.

**BOARD OF DIRECTORS OPERATIONAL
FRAMEWORK - TERMS OF REFERENCE**



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Document summary

Title	GLAPI Board of Directors Operational Framework – Terms of Reference
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Version	Date of issuance	Document code	Reason for and Extent of Changes	Owner
1	2017-05-16		-	Legal and Compliance

Main related internal regulatory references

- GLAPI Articles of Incorporation
- GLAPI By Laws
- GLAPI Code of Corporate Governance

Any substituted/abrogated internal regulation

- Not applicable

Reason for issuing

<input type="checkbox"/> Regulatory	<input checked="" type="checkbox"/> Group coordination	To set specific rules governing the Board of Directors Powers and Authorities
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Annexes

N/A



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Purpose

The Purpose of the Board of GENERALI LIFE ASSURANCE PHILIPPINES, INC. (hereinafter as “GLAPI” is to direct, manage and control the GLAPI in accordance with the objectives set of its shareholders, Assicurazioni Generali S.p.A., so as to achieve the GLAPI and financial objectives of the *GLAPI* set out in the strategic and operational plans, whilst at the same time managing all of the financial and operational risks that arise through the maintenance of an effective internal control framework, and meeting the applicable legal and regulatory requirements

Principal Functions

The principal functions of the Board are to-

- a) Determine the strategic and operational plans of GLAPI, in accordance with the objectives of the shareholder, the Articles of Incorporation and By Laws.
- b) Define the principal operating policies, procedures and processes consistent with strategy and objectives for the orderly and prudent management of the *GLAPI*.
- c) Establishment an effective risk assessment methodology (including the setting of risk appetites and tolerances) and an offsetting internal control framework for the appropriate management of the risks identified.
- d) Review and monitor the overall performance of the GLAPI as it progresses towards the fulfilment of its strategic and operational objectives.
- e) Establish appropriate control functions (e.g. Risk, Internal Audit & Compliance) to ensure that the GLAPI operates according to the policies, procedures and processes that the Board has set out.
- f) Review the performance of Senior Management in delivering the strategy and objectives and ensure that senior management strikes an appropriate balance between achieving long term growth whilst delivering short term objectives.
- g) To act in the best interests of *GLAPI* and the shareholders at all times.

Duties and Responsibilities of the Board of Directors:

- In fulfilling its mission, the duties and responsibilities of GLAPI Board of Directors include, other than those provided by the Corporation Code of the Philippines, its By-laws, oversee the conduct of GLAPI’s business to ensure that the business is being properly managed and dealings with policyholders, claimants, and creditors are fair and equitable, the following are the powers reserved to the Board of Directors, but are not limited to, the following:
 - a. Approval of the organizational structure of the GLAPI and set up of possible internal committees within the Board.
 - b. Definition and approval of the internal control system and of the risk management framework
 - c. Grant, amend and revoke delegated powers to Board of Directors member(s).
 - d. Approval of the remuneration policies in favor of employees and corporate bodies members (including remuneration plans based on financial instruments).
 - e. Appoint and revoke the CEOs-1 as well as the Heads of control functions and approve the relevant remuneration
 - f. Approval of the Asset Allocation Strategy
 - g. Approval of outsourcing of critical or important functions/activities (e.g.: management of real estates and/or securities portfolio), including the general terms and conditions of the outsourcing agreement
 - h. Approval of infra-group transactions, when performed at conditions other than market standards (no arm's length)
 - i. Approval of the draft financial statements to be submitted for approval to the competent corporate body, proposal upon allocation of profits, distribution of any interim dividends.

- j. Approval of any shareholders' agreement of particular strategic importance as well as any agreement setting forth and/or amending terms and conditions of the investment and/or divestment in any company participated by the GLAPI and the relevant rights and obligations as shareholder (e.g.: put and call options)
- k. Opening and closing of secondary offices or branches
- l. Investments related matters: transactions below from *i) to v)* are excluded from the exclusive competence of the Board of Directors, when performed under Asset Management Agreements:
 - i. transaction relating to investment and divestment, sale and purchase of shareholdings, companies or company divisions and assets of all kinds: having a value higher than €50M or its Php equivalent if free assets are used, and in any event, higher than 2% of the average capitalization of GLAPI in the last six months.
 - ii. transaction related to alternative funds (hedge funds, infrastructural funds, private equity): having a value higher than €150M or its Php equivalent.
 - iii. transaction related to listed equity: having a value higher than €50M or its Php equivalent.
 - iv. transaction related to unlisted securities (equity, debt, mezzanine): having a value higher than €100M or its Php equivalent.
 - v. transaction relating to real estate investment/divestment (eg: investment/divestment in funds and property, purchase and sale of rights relating to real estate, grant of licenses to use real estate, mortgage restrictions) having a value higher than €25M or its Php equivalent.
- m. Merger or demerger where the total value of the assets merged or demerged is equal to or higher than €15M or its Philippine Peso (Php) equivalent.
- n. Provision of goods and services, where the value of the goods or services is higher than €5M or its Peso equivalent.
- o. Cooperation agreements for the exercise and development of GLAPI's business (e.g.: bancassurance agreements), where the value is equal to or higher than €15M or its Php equivalent.
- p. Issuance of financial instruments, where the value of the transaction is equal to or higher €5M or its Php equivalent.
- q. Granting loans, execution (as borrower) of loan agreements and guarantees (not pertaining the insurance activity), or similar transactions, having a value equal to or higher than €5M or its Php equivalent.
- r. Settlement agreements, having a value equal to or higher than €5M or its Php equivalent.

And such other duties and responsibilities as may be required by applicable law or regulation or Company policy or in connection with a matter over which the Board has authority.

Membership and Meetings

a) Composition

Directors shall be elected by the Stockholders in its Annual Meeting or such Special Meeting, wherein Stockholders owning a majority of stocks outstanding are present or represented, by written proxy to hold office as such for one (1) year until their successors are elected and qualified. Each member of the Board of Directors must own one (1) share in GLAPI. Directors must be qualified and eligible to act in accordance with company's Articles of Incorporation and By Laws and Securities, Code of Corporate Governance, rules and regulations as implemented Securities and Exchange Commission ("SEC") and Insurance Commission ("IC").

In case of vacancy by reason of death, resignation, except for removal or expiration of the term, the vacancy shall be filled by an election by Stockholders holding a majority of the outstanding capital stocks, entitled to vote in a special or regular meeting called for the purpose.

The number of Board Directors shall be seven (7) with at least two (2) members are not executive directors but are Independent Directors.

b) Chairman

The Board shall appoint the Chairman, during its organizational meeting. In the absence of the Chairman and/or an appointed deputy, then the remaining Directors shall elect one of themselves to chair the meeting.

c) Quorum

A Quorum shall exist when a minimum of four (4) Directors are in attendance (whether in person, or via tele-conference or video conference). However, it is intended that all Directors should be in attendance at every Board meeting and that a higher quorum may be required to approve certain matters specifically reserved to the Board.

The law requires that a Director must be present in meeting at least twenty-five percent (25%) of the total number of meetings within a year.

d) Frequency

The Board shall set the date of regular meetings at the company's head office whenever possible, or at such other place and time the Board may set, to be able to meet at least meet quarterly to exercise and discharge its obligations. A special meeting may be called by the Secretary at the request of two (2) Directors

e) Secretary

Meetings of the Board shall be called, and minutes and papers circulated, by the Board Secretary. The Secretary shall be either the appointed Company Secretary, or failing him/her, the Head of Legal/General Counsel, or failing him/her another individual nominated by the Chairman.

f) Attendance

Only Directors (and their duly appointed alternates) have the right to attend Board meetings. Board members are authorised to nominate an official alternate to attend a Board meeting in their place only in exceptional circumstance. However other individuals such as members of the Senior Management Teams, Control Functions, Internal or External Auditors, or other advisers may be invited to attend for all or part of any meeting, as and when appropriate.

g) Notice of Meetings and Minutes

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to discuss, shall be circulated by the Secretary to every Director and invited attendee at least 5 days before the date of the meeting. All supporting papers shall be made available at the same time.

Minutes of every Board Meeting shall be prepared by the Secretary recording all of the proceedings and resolutions of the Board together with a substantive narrative sufficient to demonstrate the Board's consideration of the reports it has received, decisions taken, its effective review of the company's performance, and general governance and direction of the Company.

h) Delegated Authority

The shareholders have delegated their authority to the Board of Directors of GLAPI for the direction, management and control of the business in accordance with its strategic and operation plans, and the specific risk and expenditure limits given to the Board, its Sub-Committees and certain individuals. This delegated authority rests jointly and severally with the Board of Directors taken as a whole and notwithstanding the responsibilities and duties that the Board has given to its Sub-committees and Senior Management Team as they direct the business day to day.

5. Delegation of Powers and Terms of Reference

The Board of GLAPI has delegated specific powers, as set out in the *GLAPI's* policies and procedures, and as detailed in the Governance / Control Framework, Compliance Manual, Staff Handbook and other relevant documentation. The Board alone has the power to consider and vary these Terms of Reference, except those reserved to the Board of Directors, on the advice of its shareholders and advisers.