



June 15, 2017

## Contact

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## 2016 ANNUAL ACTIVITY REPORT

AXA Philippines is committed to maintaining good Corporate Governance within the Company and recognizes that this can only be achieved through the Board's Management and Employee's actions to fulfill its goals and objectives in a manner that adds to the value of the Company and beneficial to its stakeholders.



Summer Youth Camp Reading Project — May 7, 2016

For the year ending December 31, 2016, the following are the Corporate Governance activities of AXA Philippines:

### RIGHTS OF SHAREHOLDERS

AXA Philippines continues to take the necessary measures to protect the rights of every shareholder. Towards this end the Board of Directors shall be committed to respect the following rights of each stockholder:

**Basic Shareholder Rights.** Our shareholders, whether an owner of majority or minority stake, or foreign or institutional investor, are equitably provided with the basic stockholders' rights recognized under the Corporation Code which include voting rights, pre-emptive rights, appraisal rights, rights of first refusal, right to inspect corporate books and records, right to information, right to receive dividends, right to participate and be adequately informed on decisions about fundamental corporate acts.

## OUR MISSION

AXA's mission is to help customers live their lives with more peace of mind by protecting them, their relatives and their property against risks, and by managing their savings and assets.

As a company whose business is about protecting people, we have a responsibility to leverage our skills, resources and risk expertise to build a stronger and safer society.

Our teams across the world are embracing five values we are not willing to compromise on, under any circumstance: Professionalism, Innovation, Pragmatism, Integrity and Team Spirit. In addition, three core attitudes (being available, attentive and reliable) guide all of our employees in better serving our clients to establish long-term relationships based on trust.

To achieve this mission, we are committed to redefining the standards of our business so we truly differentiate ourselves, and earn the trust of our key stakeholders.

**Right to Nominate.** Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in AXA Philippines' By-Laws, applicable laws and the rules of the Insurance Commission and the Securities and Exchange Commission.

**Voting Rights.** In accordance with AXA Philippines' By-Laws, each Stockholder shall have the right to participate and vote, in person or by proxy, in the Annual Stockholders Meeting including the right to elect, remove and replace directors, vote on certain corporate acts in accordance with the Corporation Code.

AXA Philippines has one class of shares designated as common shares. Each outstanding share is entitled to one vote.

**Termination.** A director shall not be removed without cause if it is not in accordance with the Stockholders' Agreement or if it will deny minority



Summer Youth Camp Reading Project — May 17, 2016

stockholders representation in the Board.

**Power of Inspection.** All stockholders shall be allowed, subject to reasonable limits, to inspect corporate books and records, including the minutes of the Board meetings and stock registries in accordance with the Corporation Code. Upon request, each stockholder may be furnished with annual reports and financial statements which are also readily available on the AXA Philippines website for download.



Summer Youth Camp Reading Project Graduation — May 28, 2016



Summer Youth Camp — May 17, 2016



**Right to Dividends.** Stockholders shall have the right to receive dividends which shall be payable in cash, property, or stock on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations.

In 2014, the Board of Directors approved the declaration of cash dividends amounting to P1,043,000,000 or P104.30 per share payable to all stockholders of record as of October 2014. The cash dividends were paid in November 2014 and December 2014. In 2015 and 2016, no

dividend was declared or paid by AXA Philippines.

**Right to Participate in Shareholders' Meeting.** The Stockholders (both individual and institutional) are encouraged to attend personally or by proxy the meetings of the Stockholders held at the AXA Philippines' principal office in Makati City, a place easily accessible to all investors. To this end, AXA Philippines endeavored to release the notice of ASM at least 21 days from the date of the meeting together with the brief information of the agenda items to give ample time for the stockholders' to prepare for the meeting.

The stockholders are given the opportunity to ask and receive answers to their questions relating to AXA Philippines during the meeting. Relevant questions asked and answers given will be included in the Minutes of the Annual Stockholders Meeting and posted on AXA Philippines website.



Brigada Eskwela — June 4, 2016

AXA has a vision of becoming the preferred company for customers, employees and distributors. To achieve this ambition, we value our people and stand by them with our three core values of being Available, Reliable and Attentive.

We understand a quality team of employees and distributors is essential to realize our promises. The AXA Academy, one of the largest insurance training facilities in Hong Kong, is an excellent platform to provide our employees and distributors with comprehensive, tailored and well-rounded training curriculums and facilities. This is a true demonstration of our commitment to the greatest asset of our company — employees and distributors.

AXA, as a leader in providing insurance, investment and retirement planning solutions, will continue to redefine standards. Through consistent and continuous demonstration of our core values, AXA will continue to develop and deliver superior and innovative propositions to you.

**OUR  
VISION**

**Policy on Mergers, Acquisitions and/or Takeovers.** It is the policy of AXA Philippines to conduct further due diligence before entering into extraordinary transactions such as mergers, acquisitions and/or takeovers. With the recently concluded acquisition of Charter Ping An Insurance Corporation in April 2016, AXA Philippines engaged independent third party firms and consultants to provide a fair evaluation and review of the transaction and to ensure the viability of such transaction to AXA Philippines. The acquisition of Charter Ping An Insurance Corporation was approved by the shareholders of AXA Philippines.

**Disclosure of the Results of the ASM.** AXA Philippines made publicly available the results of the votes taken during the most recent ASM for all resolutions. The minutes of the 2017 meeting of shareholders were uploaded to AXA Philippines' website the next working day after the ASM or on 27 April 2017. The minutes can be accessed on AXA Philippines website at [www.axa.com.ph](http://www.axa.com.ph).

### **EQUITABLE TREATMENT OF SHAREHOLDERS**

**Conflict of Interest and Insider Trading.** AXA Philippines has adequate policies in place governing the management of conflicts of interest and use of confidential information for personal gain. Details of these

policies are found in AXA Group Compliance and Ethics Guide.

**Related Party Transaction.** AXA Philippines recognizes that related party transactions may give rise to potential conflict of interest. To address this, AXA Philippines discloses the nature and extent of these transactions in its annual audited financial statements.

**2017 Annual Stockholders' Meeting (ASM).** The details on how AXA Philippines' stockholders were equitably treated during the latest ASM are as follows:

- The Notice of the ASM was published in three (3) national newspapers of general circulation namely Philippine Daily Inquirer, Manila Bulletin, and Philippine Star, on 27 March 2017 or 30 days before the date of the ASM. The notice together with the agenda of the ASM was transmitted to each shareholder of record via registered mail and electronic mail on 21 March 2017. The rationale and brief explanations of each agenda item were also provided to guide the stockholders in arriving at a well-informed decision.

- A proxy form was

enclosed in the Notice to assist the stockholders who cannot attend the meeting in person. Copy of the proxy form may also be downloaded from AXA website.

- The 2017 ASM was held on April 26, 2017 (Wednesday) at 9:30 am at the penthouse of GT Tower where AXA Philippines principal office is located.

- During the meeting, the Chairman encouraged each and every stockholder to raise their questions or to express their opinions or recommendations.

The management present during the meeting addressed and answered all the questions and noted the recommendations and opinions of the stockholders. The questions asked and recommendations were duly recorded in the 2017 ASM Minutes. The 2017 ASM Minutes containing the voting results, among others, were made available on the AXA Philippines website on 27 April 2017 (Thursday).





## **ROLE OF STAKEHOLDERS**

AXA's goal is to become the preferred company for all its stakeholders. Towards this end, AXA aims to strengthen its focus on the customer and to foster employee involvement through building a culture of trust and achievement.

Therefore, AXA Philippines has been implementing its policies and programs in dealing with its stakeholders to create a lasting value for its stakeholders.

**Creditors, Counterparties and Suppliers.** AXA Philippines recognizes and shall protect the rights of its creditors, counterparties and suppliers. It is committed to honor all its contractual obligations with its creditors, counterparties and suppliers based on the covenants agreed with them and in accordance with existing laws, rules and regulations. For its suppliers, AXA Philippines has established appropriate policies that govern the vendor accreditation, selection, bidding and approval processes. Under AXA Philippines Procurement Policy, all vendors should be accredited by AXA Philippines before they participate in the procurement process. Once a supplier has passed the accreditation process, the vendor is required to submit the Supplier Registration Form to the Procurement Team for inclusion into the Approved Supplier List. The Procurement

Team maintains and updates the Approved Supplier List and recommends this panel to the appropriate Business Units upon concurrence. To ensure continuous improvement and quality of approved suppliers, the Procurement Team periodically conducts the Supplier Performance Review and source new suppliers for comparative purposes.

### **Anti-Corruption Programmes.**

AXA is committed to the highest standards of ethical business conduct. Business gifts are sometimes used to foster goodwill and sound working relationships among business partners. This is acceptable business practice. However, under certain circumstances, gifts may be offered in an attempt to obtain or "purchase" favourable treatment. This is not acceptable business practice and AXA employees must not offer or receive gifts in these circumstances. AXA Philippines Gifts and Entertainment Policy provides guidance on how and when gifts can, and cannot, be accepted and offered. Under its Gifts and Entertainment Policy all gifts and entertainment from third parties are no longer allowed to be accepted regardless of amount especially in exchange for any unnecessary favorable treatment. The receiver gives the AXA Thank You Card to the giver upon refusal of the gift. All gifts received or will be given are

reported to the Legal and Compliance.

Further, AXA Anti-Bribery Policy prohibits the offering, giving, requesting, receiving, facilitation or authorization of any illegal bribe or inducement which, in contravention of applicable law, results in personal gain or advantage to the recipient (or any person or body associated with the recipient) and which is intended to improperly influence a decision of the recipient. AXA Group companies must not engage, either directly or indirectly through third party intermediaries or otherwise, in Bribery. This includes (i) the use of cash and/or non-cash forms of incentive such as gifts and (ii) the payment or receipt of Bribes.

These policies are applicable to all its employees (including fixed term and temporary workers), contractors, consultants, officers and directors of AXA Philippines.

**Employees.** AXA Philippines puts high importance to its employees. AXA Philippines has implemented policies and programs to ensure protection and well-being of the employees.

**Training and Development.** In AXA Philippines, learning and development plays a very important role in the sustainable long term growth of the organization. AXA Philippines invests in various initiatives to ensure the people continually grow and progress. AXA Philippines provides several opportunities for employees to take charge of their career, to learn and develop themselves so they may reach their full potential. In AXA Philippines, employee trainings are provided through in house training conducted by the HR Department trainers and internal resources (face to face or through online courses and training catalogues), AXA University in Singapore and external learning providers. Aside from the orientation program for new employees, AXA employees go through specific learning programs for their job grade level. They have a learning journey anchored on six learning focus areas – cultural transformation, mastering the business, governance, transversal skills, managing change, and digital transformation. Each focus area has various training programs aimed at developing ones capabilities and allow the employees to become ready to take on greater responsibilities and opportunities in the organization.

The training schedule is posted on the HR Portal (SharePoint drive) and emailed to each employee monthly.

For 2016, AXA Philippines has offered various training and development opportunities to its employees. Programs such as Basics of Life Insurance, Basics of Project Management, corporate governance, Systematic Managerial Analysis (2-3 day training), and putting customer first, among others, were offered to its employees in 2016. Also new employees undergo the 2.5-day mandatory onboarding program to give the new employees an in-depth understanding and appreciation of AXA Philippines business and

culture. An estimated total 8,000 training hours of AXA Philippines employees were spent for classroom trainings, online trainings and LOMA.



**Employee Welfare.** AXA is committed to promoting diversity and inclusiveness by creating a work environment where all employees are treated with dignity and respect and where individual differences are valued. We are committed to provide equal employment and advancement opportunities to all individuals, and employment decisions at AXA Philippines will be based on merit, qualifications and competencies. The Company does not discriminate in employment opportunities or practices on the basis of race, color, religion, gender, sexual orientation, national origin, age, disability or any other characteristic protected by law. We are dedicated to cultivating a diverse and inclusive environment where all employees feel fully engaged and included in our business and our strategy to become the preferred company. AXA Philippines will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination and access to benefits and training.



*Compensation Policy.* AXA is committed to maintain viable compensation plan for its employees. The basic principle is to recognize through salary adjustment only the attainment of relevant educational credentials or qualification requirements associated with the role as defined in the job description i.e. so-called milestones. Other rewards are in the form of one-off cash bonuses. While salary adjustments on the intermediate, per-exam basis have been retained giving consideration for legacy and market practices, such adjustments have been rationalized to give way to more meaningful milestone adjustments in this Program.

To recognize significant contributions in the organization, AXA has an annual salary review for all employees on the basis of their performance for the year. Employees who have rendered at least 3 full months in the relevant performance year, or whose hiring date is no later than October 1, are eligible to participate in the year's salary review.

*Health and Safety.* To assist in providing a safe and healthful work environment for

employees, customers and visitors, AXA Philippines has established a workplace safety program. Safety consciousness is an important part of everyone's job. Accidents do not just happen, they are caused. Strict adherence to safety rules is the only way to protect yourself and your fellow employees from possible injury. AXA Philippines provides information to employees about workplace safety and health issues through regular internal communication channels such as supervisor-employee meetings, email announcements, memos or other written communications. Employees are expected to obey safety rules and exercise caution in all work activities. They are to immediately report any unsafe condition to the appropriate personnel. Employees who violate safety standards, who cause hazardous or dangerous situations or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary actions, up to and including termination of employment. In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the Crisis Management Team.

Ongoing activities of the Company include development and continuous improvement of health and safety program, undertaking and facilitating safety and health education for all employees to promote safety consciousness and safe practices for all stakeholders.

**Corporate Responsibility.** AXA Philippines recognizes Corporate Responsibility as a key driver of business value. Being in the business of protecting people, it is imperative that the Company think long-term to meet the needs of its stakeholders. Among its stakeholders are the environment and the

community.

### **Activities**

**Environmental Reporting.** AXA Philippines uses an environmental reporting tool to actively manage its power, water and paper consumption as well as carbon emission from business travel. The reporting exercise happens every 4th and 1st quarter of the year. About the same time, AXA Philippines also invites employees to participate in the Transport Survey where the commuting patterns of employees are reported.

**Corporate Responsibility Week.** CR Week is an annual activity to reinforce awareness of AXA

Philippines' responsibilities to the environment and the community.

**CSR.** AXA Philippines are partnering with a Young Focus, a non-government organization that provides education, livelihood and wellness assistance to marginalized communities in Tondo. Employees are enjoined to participate in activities that include: sharing time with the beneficiaries, sharing skills and giving donations.

**AXA Hearts in Action.** AXA Philippines' CSR and other outreach programs are regularly implemented through the AXA Hearts in Action. This is the overarching program by which all of our CSR initiatives are executed. Membership to AXA Hearts in Action is voluntary.

In 2016, the CSR programs of AXA Philippines covered four major initiatives: Reading Program, Brigadaskwela, Summer Camp, and International Day of Persons with Disability.



Reading Program — June 11, 2016



# BOARD COMMITTEES

## Board Risk Management, Audit and Compliance Committee

The Committee comprises of at least three (3) members and may have a maximum number of seven (7) members; each of whom must fulfill applicable listing, legal & regulatory requirements, joint venture agreement as well as the AXA Group requirements on competence and independence.

The BRMACC had four (4) meetings in 2016. Details of the meeting attendance are as follows:

Members	Number of Meetings Attended	
Jaime C. Laya*	4	100%
Chairman, Independent Director		
Solomon S. Cua	4	100%
Member, Non-Executive		
Benoit Claveranne	0	0
Member, Non-Executive		
<i>Term ended : November 10, 2016</i>		
Lope M. Yuvienco	4	100%
Member, Independent Director		
Jean Drouffe	0	0
Member, Non-Executive		
<i>Term started : November 10, 2016</i>		
*Dr. Jaime C. Laya, CPA, Ph. D, Chairman of BRMACC, graduated from the University of the Philippines with a degree in B.S.B.A (Accountancy). He was one of the founders and chairman of Laya, Mananghaya & Co., a Philippine member firm of KPMG International, one of the world's largest professional organization.		

## Board Nomination Committee

The Committee consists of three (3) directors.

For 2016, the following were the members of the BNC:

1. Solomon S. Cua - Chairman, Non-Executive
2. Jaime C. Laya - Member, Independent Director

3. Rahul Hora - Member, President & CEO

## Board of Investment Committee

The Committee consists of six (6) directors.

The BIC had four (4) meetings in 2016. Details of the meeting attendance are as follows:

Members	Number of Meetings Attended	
Fernand Antonio Tansingco	4	100%
Chairman, Non-Executive		
Severinus Hermans	1	100%
Member, President & CEO		
<i>Resigned effective: March 31, 2016</i>		
Rahul Hora	3	100%
Member, President & CEO		
<i>Elected effective: March 31, 2016</i>		
Alesandra T. Ty	3	75%
Member, Non-Executive		
Ronaldo San Jose	3	75%
Member, CFO		
Gerry Y. Tee	2	50%
Member, Non-Executive		
Jean Drouffe	2	50%
Member, Non-Executive		

## Board Remuneration Committee

The Committee consists of three (3) directors.

For 2016, the following were the members of the BNC:

1. Benoit Claveranne - Chairman, Non-Executive
2. Solomon Cua - Member, Non-Executive
3. Lope Yuvienco - Member, Non-Executive