

# **AXA PHILIPPINES 2018 CORPORATE GOVERNANCE REPORT**

The report contains further disclosures on AXA Philippines' corporate governance, activities, and internal control.

## **VISION AND MISSION**

AXA Philippines adopts and adheres to the vision and mission of the AXA Group (<https://www.axa.com/en/about-us/our-purpose>)

## **COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors consists of eleven (11) members. Each of the members of the 2018 Board of Directors owns ten (10) nominal shares.

From the 11 members, only two (2) are Executive Directors and members of the Senior Management Team – the President and CEO, and the Chief Financial Officer. The other members of the Senior Management Team do not have direct or indirect shareholdings in the Company.

## **INTERNAL AUDIT HEAD**

The internal audit of AXA Philippines is handled by the Head of Internal Audit, Ms. Zaida Angelita P. Lazaro.

## **POLICY ON MERGERS, ACQUISITION, 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 acquisition of Charter Ping An Insurance Corporation ("Charter Ping An") in April 2016, AXA Philippines engaged independent third party firms and consultants to provide a fair evaluation and review of the transactional data to ensure the viability of such transaction to AXA Philippines. The acquisition of Charter Ping An was approved by the shareholders of AXA Philippines.

## **DIVIDEND POLICY**

AXA Philippines declares and pays dividends in accordance with applicable laws, rules, and regulations taking in consideration the reasonable financial requirements of the Company for the following 12 months in order for it to maintain the required solvency ratio plus such margin as is determined by the Board of Directors from time to time.

AXA Philippines pays its shareholders dividends proportionate to their shares and dividends are paid immediately from approval of the relevant regulatory authorities.

For 2018, AXA Philippines declared and paid cash dividends of Php 1.595 Billion from its unrestricted retained earnings as of 31 December 2017, payable to its stockholders in proportion to their respective shareholdings.

## **CREDITORS' RIGHTS**

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.

AXA Philippines' policies on creditor protection are found in the General Procurement Guidelines and other Finance policies on disbursements and payments. These include policies on ensuring timely payment, disclosure of contact person/s, procedure on notification of unpaid invoices, and review of compliance with all contractual obligations to which AXA Philippines complies.

## **2018 MEDIA BRIEFINGS, PRESS CONFERENCES, AND PRESS RELEASES**

<b>Event</b>	<b>Dates</b>	<b>Links</b>
Shared Services Centre	Feb 1, 2018	<a href="https://technology.mb.com.ph/2018/02/01/axa-launches-shared-services-centre-in-manila-creates-up-to-300-it-jobs/">https://technology.mb.com.ph/2018/02/01/axa-launches-shared-services-centre-in-manila-creates-up-to-300-it-jobs/</a>
	Feb 20, 2018	<a href="https://businessmirror.com.ph/axa-launched-shared-services-center-in-manila/">https://businessmirror.com.ph/axa-launched-shared-services-center-in-manila/</a>
	Jan 31 2018	<a href="http://tribune.net.ph/business/axa-launches-shared-services-hub-in-mla">http://tribune.net.ph/business/axa-launches-shared-services-hub-in-mla</a>
AXA Academy	July 11, 2018	<a href="http://bworldonline.com/axa-philippines-bullish-on-expansion/">http://bworldonline.com/axa-philippines-bullish-on-expansion/</a>
	July 13, 2018	<a href="https://www.philstar.com/business/2018/07/13/1832933/axa-expects-better-industry-premium-growth">https://www.philstar.com/business/2018/07/13/1832933/axa-expects-better-industry-premium-growth</a>
	July 16, 2018	<a href="https://metro.style/career-money/wealth-management/3220/upgrading-your-financial-literacy-through-axa">https://metro.style/career-money/wealth-management/3220/upgrading-your-financial-literacy-through-axa</a>
AXA- NBA Partnership	August 17, 2018	<a href="http://tv5.espn.com/basketball/story/_/id/24395837/tim-hardaway-make-manila-return-nba-3x-philippines">http://tv5.espn.com/basketball/story/_/id/24395837/tim-hardaway-make-manila-return-nba-3x-philippines</a>
	August 23, 2018	<a href="https://www.spin.ph/basketball/nba/hardaway-doesn-t-get-why-harden-and-co-cross-you-over-then-bring-it-back-a793-20180823">https://www.spin.ph/basketball/nba/hardaway-doesn-t-get-why-harden-and-co-cross-you-over-then-bring-it-back-a793-20180823</a>
	August 23, 2018	<a href="https://sports.mb.com.ph/2018/08/23/hardaway-on-his-crossover-move-nobody-does-it-better/">https://sports.mb.com.ph/2018/08/23/hardaway-on-his-crossover-move-nobody-does-it-better/</a>
Asset Master	August 1, 2018	<a href="https://metro.style/career-money/wealth-management/3379/why-axas-asset-master-could-be-the-plan-for-you">https://metro.style/career-money/wealth-management/3379/why-axas-asset-master-could-be-the-plan-for-you</a>
	Sept 5, 2018	<a href="https://metro.style/career-money/wealth-management/3379/why-axas-asset-master-could-be-the-plan-for-you">https://metro.style/career-money/wealth-management/3379/why-axas-asset-master-could-be-the-plan-for-you</a>
	Sept 19, 2018	<a href="https://metro.style/career-money/wealth-management/3379/why-axas-asset-master-could-be-the-plan-for-you">https://metro.style/career-money/wealth-management/3379/why-axas-asset-master-could-be-the-plan-for-you</a>

## **ENVIRONMENT-FRIENDLY VALUE CHAIN**

AXA Philippines adheres to the AXA Group Compliance and Ethics Guide which promotes the following principles on environment:

1. Businesses should support a precautionary approach to environmental challenges;

2. Undertake initiatives to promote greater environmental responsibility; and
3. Encourage the development and diffusion of environmental friendly technologies.

In line with the above principles, for year 2018, AXA Philippines implemented the following initiatives at its head office in order to promote environment-friendly value chain and sustainable development:

1. Use of design techniques (e.g. agile working environment, open spaces, etc.) in the renovation of the workplace that prioritizes natural light during the day.
2. Regular maintenance of airconditioning units, lighting units, water faucets, and other facilities to minimize energy and/or water consumption and to promote cleanliness.
3. Policy on Health & Safety which promotes good housekeeping.
4. Designated areas (plazas, mini plazas, pantry area) for eating on each floor to discourage employees from eating at their work stations.

### **2018 AXA INSTRUCTOR LED TRAINING FOR ITS EMPLOYEES**

<b>2018 Instructor Led Training of AXA</b>			
<b>Entity</b>	<b>LIFE Insurance</b>		
<b>Focus</b>	<b>Total # of Participants</b>	<b>Hrs./ Session</b>	<b>Total Hrs.</b>
12TH BASIC NON-LIFE INSURANCE COURSE - SATURDAY 2018	2	42	84
15TH BASIC NON-LIFE INSURANCE COURSE - SATURDAY 2018	1	42	42
254TH BASIC NON-LIFE INSURANCE COURSE 2018	2	42	84
255TH BASIC NON-LIFE INSURANCE COURSE 2018	1	42	42
258TH BASIC NON-LIFE INSURANCE COURSE - 2018	1	42	42
259TH BASIC NON-LIFE INSURANCE COURSE 2018	1	42	42
260TH BASIC NON-LIFE INSURANCE COURSE 2018	1	42	42
261ST BASIC NON-LIFE INSURANCE COURSE - 2018	1	42	42
262ND BASIC NON-LIFE INSURANCE COURSE - 2018	1	42	42
264TH BASIC NON-LIFE INSURANCE COURSE 2018	1	42	42
266TH BASIC NON-LIFE INSURANCE COURSE 2018	1	42	42
267TH BASIC NON-LIFE INSURANCE COURSE 2018	2	42	84
268TH BASIC NON-LIFE INSURANCE COURSE 2018	2	42	84
TRAINERS ACCREDITATION COURSE (TAC) BATCH 2 - 2018	3	42	126
<b>Technical Total</b>	<b>20</b>	<b>588</b>	<b>840</b>
Building High Performance Culture	86	3	258
Axelerate	47	15	705
<b>Leadership Total</b>	<b>133</b>	<b>18</b>	<b>963</b>
New Employee Fair	193	8	1544
<b>Onboarding Total</b>	<b>193</b>	<b>8</b>	<b>1544</b>