

ANNEX B

CHARTER OF THE BOARD OF DIRECTORS

Section 1. INTRODUCTION

The Board of Directors (the “Board”) and Management, employees and shareholders of the BPI MS Insurance Corporation (“BPI MS”) has established a Manual on Corporate Governance which contains the framework of policies, rules, systems and processes in BPI MS that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and shareholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

The Manual on Corporate Governance also contains the Board Charter, the policy document which clearly defines the roles, responsibilities and authorities of the Board, both individually and collectively, in setting the direction, the management and the control of the organization.

The Manual of Corporate Governance, including the Board Charter therein, supplements and compliments BPI MS’ Articles of Incorporation and Amended By-Laws by setting forth principles of good and transparent governance.

Section 2. COMPOSITION OF THE BOARD

1. **Number of Directors.** The Board of Directors is composed of ten (10) members, commensurate to the size and complexity of BPI MS’ operations.
2. **Composition and Diversity.** The Board of Directors shall have ten (10) members who shall be elected by the BPI MS stockholders entitled to vote at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the corporation.

As a corporation supervised by Insurance Commission (IC), BPI MS shall conform to the legal requirement to have at least two (2) independent directors. The independent directors shall be identified in the annual report.

Board diversity will be considered from varied aspects when designing the Board’s composition including but not limited to gender, age, nationality, cultural and educational background, geographical location, professional experience, skills, knowledge, and length of service of directors, and other regulatory requirements. In this respect, the Board will strive to ensure that there is appropriate representation of women and female Independent Directors in the Board.

3. **Independence.** A majority of qualified non-executive members shall be elected, to promote the independence of the board from the views of senior management. Non-Executive Directors shall comprise at least majority of the Board of Directors, to promote independent oversight of management by the Board of Directors. Five (5) Non-Executive members of the board of directors shall refer to those who are not part of the day to day management of operations and shall include independent directors.
4. **Independent Directors.** BPI MS shall have independent directors constituting at least twenty percent (20%) of the members of the board.¹

¹ IC Circular Letter No. 36-2019 Sec. 1

The Board's independence standards for directors are set forth in the BPI MS' Manual on Corporate Governance.

Section 3. NOMINATION AND ELECTION OF THE BOARD

- 1. Nomination of Directors.** The Board shall have a formal and transparent board nomination and election policy² and a process for identifying the quality of directors that is aligned with the strategic direction of the company³ and in accordance with the company's By- Laws, Manual on Corporate Governance, Board Diversity Policy, rules provided for by the regulators as well as the Corporation Code.
- 2. Election of Directors.** Except as those required under the SEC Rule and subject to pertinent laws, rules and regulations of the SEC, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of BPI MS' By -Laws. Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the BPI MS.
- 3. Election of Independent Directors**
 - a. Except as those required under the SEC Rule and subject to pertinent laws, rules and regulations of the SEC, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of BPI MS' By -Laws.
 - b. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent directors are elected during the stockholders' meeting.
 - c. Specific slot/s for independent directors shall not be filled-up by unqualified nominees.
 - d. In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.
- 4. Term of Directors.** Directors are to hold office for a term of one year immediately upon their election at the BPI MS' Annual Stockholders' Meeting (ASM) and until the next election when their successor shall have been elected and qualified in accordance with the BPI MS' Amended By-Laws and the Corporation Code. In case any vacancy or vacancies should occur on the Board during the period between two ASMs, due to death, resignation or other causes, except removal, the remaining members of the Board, if still constituting a quorum, may fill said vacancy or vacancies by electing from among the stockholders. The stockholder or stockholders so elected shall act as a member or members of said Board until the election of a new Board of Directors.

² IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies, Principle 2, Recommendation 2.6

³ Ibid

Section 4. RESPONSIBILITIES OF THE BOARD

1. Duties and Responsibilities of the Board

- a. The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders.⁴
- b. The Board should oversee the development of and approve the BPI MS' business objectives and strategy, and monitor their implementation, in order to sustain BPI MS' long-term viability and strength⁵ and should be headed by a competent and qualified person.⁶
- c. The Board members shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the company.⁷
- d. Formulation and adoption of a policy which specifies the relationship between remuneration and performance of key officers and board members which should be aligned with the long-term interests of the company.⁸
- e. Disclosure in its Manual on Corporate Governance a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.⁹
- f. The Board should have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.¹⁰
- g. The Board is primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).¹¹

⁴ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies, Principle 2, Recommendation 2.1

⁵ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies, Principle 2, Recommendation 2.2

⁶ Ibid, Recommendation 2.3

⁷ Ibid, Recommendation 2.4

⁸ Ibid, Recommendation 2.5

⁹ Ibid, Recommendation 2.6

¹⁰ Ibid, Recommendation 2.7

¹¹ Ibid, Recommendation 2.8

- h. Establishment of effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.¹²
- i. The Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.¹³
- j. A sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.¹⁴
- k. The Board should have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the company's website.¹⁵

2. Duties and Responsibilities of Directors

- a. Accept the responsibility for creating and enhancing shareholder value and ensuring the long term success and viability of BPI/MS;
- b. Devote time and attention necessary to properly discharge his duties and responsibilities as Director;
- c. Exercise sound and independent judgment at all times and ensure that personal interest does not bias any Board decision;
- d. Understand and internalize the core values of BPI/MS;
- e. Maintain a good working understanding of the various businesses of BPI/MS, the risks attendant to those businesses, and the risk measurement and control systems appropriate for such businesses, understand the competitive forces affecting BPI/MS and the key strategic performance factors necessary to attain leadership;
- f. Maintain a good working knowledge of the statutory and regulatory requirements affecting BPI/MS, the requirements of the Insurance Commission (IC), Securities and Exchange Commission (SEC), the contents of its Articles of Incorporation and By-laws;
- g. Conduct fair business transactions with BPI/MS and ensure that personal interest do not conflict with BPI/MS's interests; desist from any transaction where there is such a conflict of interest and any transaction that exploits insider information to generate personal gain;
- h. Act with full transparency, fairness, independence, and sound judgment;
- i. Observe confidentiality over all sensitive matters taken up by the Board.

¹² Ibid, Recommendation 2.9

¹³ Ibid, Recommendation 2.10

¹⁴ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies,

Principle 2, Recommendation 2.11

¹⁵ Ibid, Recommendation 2.12

Section 5. THE CHAIRMAN OF THE BOARD

1. **Qualifications.** The position of Chairman of the Board and Chief Executive Officer should be held by separate individuals and each should have clearly defined and delineated responsibilities.¹⁶
2. **Duties and Responsibilities.** The Chairman of the Board shall, when present, preside at all meetings of the Board and shall render advice and counsel to the President. He shall:
 - a. Install a selection process to ensure the appointment of competent directors and officers;
 - b. Define BPI MS' principal mission, vision, and strategic objectives, and properly communicate these to the entire organization;
 - c. Delegate specific approving authorities to operating management in pursuit of the strategic objectives of BPI MS to ensure that operating management achieves these objectives.
 - d. Nurture a corporate value system that is anchored on sound business ethical principles and strengthen BPI MS' own basic core values of excellence, integrity, customer service, loyalty to the institution, teamwork, and concern for people;
 - e. Provide appropriate policies on risk management, approve and review the management and control systems & processes adopted by operating management to identify, measure, monitor and control those major risks impacting the business. Risk areas must encompass credit, market and liquidity risk, operating system risk, legal & regulatory risk, fiduciary / reputational risk;
 - f. Monitor and assess the performance of management through a comprehensive and reliable financial reporting system;
 - g. Oversee the development, review and approval of BPI MS's business objectives and strategy¹⁷.
 - h. Oversee and monitor the implementation of BPI MS's business objectives and strategy in order to sustain the long-term viability and strength.¹⁸
 - i. Ensure that BPI MS contributes positively to the economy and the national well-being;
 - j. Ensure that all activities of BPI MS are in compliance with all pertinent laws and regulations and are within the bounds indicated in its Articles of Incorporation and By-Laws;
 - k. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board;

¹⁶ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies, Principle 5. Recommendation 5.4

¹⁷ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies-Recommendation 2.2

¹⁸ Ibid

- l. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties;
- m. Identify the BPI MS' major stakeholder groups (e.g. shareholders, customers, employees, creditors, regulators) and adhere to a philosophy of transparency with respect to disclosing and communicating all material information relevant to these stakeholders;
- n. Discharge Board functions diligently by meeting regularly, defining a clear agenda for each meeting and minuting each meeting properly. Encourage independent views and discussions during Board meetings to ensure balanced deliberations and decisions. Ensure that all acts of the Board are within the powers prescribed in the Articles of Incorporation and By-Laws, relevant laws and regulations;
- o. Conduct itself with utmost honesty, competence, independence and professionalism;
- p. Evaluate the performance & effectiveness of the Board and its various committees, the CEO & operating management, through a formal evaluation process.
- q. To approve budget plans and monitor expenditures.

Section 6. LEAD INDEPENDENT DIRECTOR

1. **Appointment.** In instances when a Lead Independent Director must be appointed, this role may be assumed by the Vice-Chairman if he is an Independent Director.
2. **Roles and Responsibilities.** The Lead Independent Director shall act as the preferred point of contact for other Independent Directors on the Board. Whenever necessary and at least once a year, he or she organizes a meeting exclusively for Independent Directors to discuss issues not included in the regular Board Agenda.

Section 7. BOARD GOVERNANCE

1. **Board Meetings and Consent Resolution.** Members of the Board should attend regular and special meetings of the Board in person or via teleconference or video conference or by any other technological means allowed by law.

Action required or permitted to be taken by the Board may be taken without or in lieu of a meeting by written consents, identical in content, setting out the action taken and signed by all the members of the Board. The written consents shall have the same effect as a unanimous vote and may be made in electronic counterparts to cover consents given through separate emails and/or iterations in proposals until the final, ultimate consent is given. The written consents shall be documented as minutes of action.

Special meetings or actions may be called for as needed.²⁰

2. **Frequency of Meetings.** The Board shall schedule its regular meetings on a quarterly basis.
3. **Attendance.** The meetings of the board of directors may be conducted through modern technologies such as, but not limited to, teleconferencing and videoconferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein:

²⁰ Approved for adoption by the Board of Directors and its various committees on December 05, 2023

Provided, That every member of the board of directors shall participate in at least fifty percent (50%) and shall physically attend at least twenty five percent (25%) of all board meetings every year: *Provided*, further, That the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his/her incumbency shall be a ground for disqualification in the succeeding election.⁵⁵

An independent director should always be in attendance. Unless otherwise provided in the by-laws, however, his absence shall not affect the quorum.

4. **Quorum.** In every meeting of the Board of Directors, the Board shall endeavour to attain at least 51% quorum requirement, to ensure maximum engagement and participation in the discussions.
5. **Chairman of the Meeting.** The Chairman shall preside over meetings of the Board. The Vice Chairman shall preside in the absence of the Chairman. Board and committee meetings shall be conducted consistent with the BPI MS' Amended By-Laws.
6. **Agenda.** Items placed on the board agenda shall be those that have the most fundamental importance and broad policy implications for BPI MS. Directors shall be free to suggest items for inclusion in the agenda, and to raise at any board meeting subjects that are not on the agenda for that meeting. At the Chairman's discretion, any agenda items may also be referred for discussion in the respective committees.
7. **Board Materials.** Board packages for board of directors meetings shall be provided to the members five (5) days in advance, and in case of additional items two (2) days. Materials for Board and Board committee meetings shall be uploaded through a secure system onto individual tablet devices specifically provided to the Board members to ensure immediate receipt and quick access.
8. **Minutes of the Board and Committee Meetings and Action.** Minutes shall be prepared with due regard to legal requirements. Key points and decisions taken shall be summarized. The Board should act by consensus rather than on an adversarial basis; nevertheless, abstentions and rare instances of formal dissent shall be duly recorded.

Further, members of the Board may take the initiative to have high level discussions outside the Board meetings, including separate discussions with Senior Management on its proposals. The Chairman of the Board shall ensure that there is a fair and honest exchange of ideas and opinions by and between the Directors and Senior Management in board meetings.

For matters approved through unanimous consent resolution, the Board members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent (i.e. minutes of action). The Board of Directors shall ensure that each committee shall maintain appropriate records (e.g. minutes of meetings, minutes of action or summary of matters reviewed and decisions taken). The key matters reviewed and approved by the Committees and their minutes of meetings, minutes of action, including agenda and supporting materials if needed, are to be presented regularly to the full Board of Directors for confirmation.²²

9. **Executive Sessions.** Discussions during board meetings shall be open and independent views shall be given due consideration. When necessary, the Board may hold executive sessions to discuss highly sensitive matters.

²² Approved for adoption by the Board of Directors and its various committees on December 05, 2023.

Section 8. CORPORATE SECRETARY

A Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.²³

The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities:

1. Safe keeps and preserves the integrity of the minutes of the meeting s/actions of the Board and its committees, as well as other official records of the corporation;
2. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
3. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
4. Advises on the establishment of board committees and their terms of reference;
5. Informs members of the Board, in accordance with the by-laws, of the 6 agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
6. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
7. Performs required administrative functions;
8. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
9. Performs such other duties and responsibilities as may be provided by the IC.

Section 9. BOARD COMMITTEES

Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.²⁴

1. The Board should establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.²⁵

²³ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies, Principle 1, Recommendation 1.5

²⁴ Ibid, Principle 3. Establishing Board Committees

²⁵ IC CL No. 2020-71: Revised Code of Corporate Governance for Insurance Commission Regulated Companies, Principle 3. Establishing Board Committees, Recommendation 3.1

2. Audit Committee should be established by the Board Committee to enhance its oversight capability over the BPI MS' financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.²⁶
3. A Corporate Governance Committee should also be established and tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, majority of whom should be independent directors, including the Chairman.²⁷
4. Subject to a corporation's size, risk profile and complexity of operations, the board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of BPI MS and should be composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.²⁸
5. All established committees should be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees. It should also be fully disclosed on the company's website.²⁹

Section 10. POLICIES ON DIRECTORSHIPS

1. Multiple Board Seats

- a. A director shall exercise due discretion in accepting and holding directorships outside of BPI MS. A director may hold any number of directorships outside of BPI MS provided that, in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of BPI MS;
- b. Any limitations in the number of directorship outside of BPI MS shall not include directorships in BPI MS' subsidiaries, affiliates, parent company, and affiliates and subsidiaries of the parent company;
- c. The CEO and other executive directors shall submit themselves to a low indicative limit (four or lower) on membership in other corporate boards. The same low limit also applies to independent non-executive directors who serve as full-time executives in other corporations. There can be a higher indicative limit (five or lower) for other directors who hold non-executive position in any corporation. In any case, the capacity of directors to serve with diligence shall not be compromised.

2. Directorships in Publicly-Listed Companies

- a. A Non-Executive Director may concurrently serve as director in a maximum of five (5) publicly-listed companies. In applying this provision to directorships in entities within a conglomerate, each publicly-listed company where the Non-Executive Director concurrently serves as director shall be separately considered or assessed.

²⁶ Ibid, Recommendation 3.2

²⁷ Ibid, Recommendation 3.3

²⁸ Ibid, Recommendation 3.5

²⁹ Ibid, Recommendation 3.6

- b. An Independent Director may likewise serve as director in a maximum of five (5) publicly-listed companies, whether or not these are within one conglomerate.
 - c. There shall be no limit to the number of non-publicly-listed companies an Independent Director holds directorships in, except within a conglomerate where the ID can be elected to only five (5) companies in the conglomerate, i.e., parent company, subsidiary or affiliate. *Provided*, That when an Independent Director holds directorships in both publicly-listed and non-publicly-listed companies, only the rule on directorship limits for publicly-listed companies will apply.
 - d. In addition, Independent Directors must ensure that they are IDs in *all* their concurrent directorships in entities within a conglomerate.
 - e. The foregoing provisions notwithstanding, application of these limitations on directorships in BPI, its subsidiaries and affiliates, parent company, and parent company subsidiaries and affiliates shall not impinge on or violate a shareholder's ownership rights and legal right to vote and be voted upon as directors.
- 3. Term Limits of Independent Director³⁰**
- a. *An Independent Director shall serve for a maximum cumulative term of nine (9) years.*
 - b. *An Independent Director who served the maximum period shall be perpetually barred from any re-election in the company but may continue therein as a non-independent director.*
 - c. *However, if the company desires to continue the services of an Independent Director who had already served his/her maximum term limit, said Independent Director, as an exception, may still continue to act as such provided that the company submits to the Insurance Commission a formal written justification and must, in addition thereto, acquire the majority of the shareholders' approval during the annual meeting.*
 - d. *For current IDs, commencement date shall be counted from January 2, 2015, per Insurance Circular 49-2014.*

Section 11. RETIREMENT POLICY³¹

1. *The retirement age for Directors shall be set at at eighty (80) years of age. The Board may opt to waive a director's retirement depending on the outcome of the following conditions:*
 - a. *Consistent and robust application of more dynamic and constructive corporate governance practices such as the annual Board of Directors' performance evaluation, regular succession planning and an exhaustive nomination process/annual fit and proper assessment for more effective board refreshment.*
 - b. *The Board shall also evaluate all facts and circumstances when considering a director's tenure in accordance with good governance practices, including (without limitation) to accommodate the transition of a new CEO or new directors or to provide continuity to further strategic objectives or address external factors affecting BPI MS.*
2. *Directors do not receive any retirement benefits. The Executive Director is eligible for regular retirement benefits given to employees of BPI MS.*

³⁰ IC Circular 2018-36, (June 26, 2018), item D.

³¹ Approved by the Board on March 3, 2022.



- 3. Retirement of Officers is done with the requisite succession planning and in accordance with the BPI MS' policies and implementing guidelines of its retirement plan for all employees, the BPI MS Amended By-Laws, Labor Code and the Corporation Code of the Philippines.*

Section 12. REMUNERATION POLICY

BPI MS Personnel and Compensation Committee has the responsibility to review and approve corporate goals and objectives relevant to CEO compensation, the Board of Directors, senior management and key officers to enable BPI MS to attract and keep superior human talent in its fold. The Committee also reviews and approves base salary, incentive compensation for senior management, Board of Directors, and key officers and recommend appropriate remuneration package to the Board for approval.

Board members receive per diems for each Board or Committee meeting attended. Such amounts are set and approved by the Board from year to year.

In 2019, the Board of Directors collectively received a total of Php2.M as fees and other compensation for the services rendered by them to BPI MS. The amount is equivalent to less than 1% of the net income of BPI MS before tax.

BPI MS takes effort in paying its Board, officers and employees competitively. As such, it is committed to review the remuneration on a regular basis to attract, retain and appropriately reward its workforce.

Section 13. PERFORMANCE EVALUATION

1. The Board of Directors shall conduct annual performance assessments of the Board as a body, the individual Directors, the Board Committees, and the President and CEO in accordance with the terms of reference of the Board and respective committees.
2. The results of these evaluations shall be presented to the Corporate Governance Committee which will then report on all these assessments to the Board. The Corporate Governance Committee may develop recommendations and/or an action plan for the Board, where determined necessary or desirable, to address issues raised as a result of such assessments and will monitor the progress of the Board in addressing issues identified in the assessment process.

Section 14. LIABILITY OF DIRECTORS

Directors who willfully and knowingly vote or consent to patently unlawful acts of BPI MS or who are guilty of gross negligence or bad faith in directing the affairs of BPI MS or acquire any personal or pecuniary interest in conflict with their duty as such directors, shall be liable jointly and severally for all damages resulting therefrom suffered by BPI MS, its stockholders and other persons.

Section 15. INDUCTION AND CONTINUING EDUCATION OF DIRECTORS

Members of the Board of Directors shall acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.

The orientation program for first-time directors and relevant annual continuing training for all directors aim to promote effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities.

All directors should be properly oriented upon joining the board. This ensures that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships. The



orientation program covers IC-mandated topics on corporate governance and an introduction to BPI MS' business, Articles of Incorporation, and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

The annual continuing training program, on the other hand, makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance matters relevant to BPI MS, including audit, internal controls, risk management, sustainability and strategy. It is encouraged that companies assess their own training and development needs in determining the coverage of their continuing training program.

IC-mandated topics on corporate governance include the following:

- a. Code of Corporate Governance for IC Regulated Companies;
- 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. RPT;
- j. Enterprise Risk management; and
- k. Case studies and Financial Reporting and Audit.

Section 16. CONFLICT OF INTEREST STANDARDS

The personal interest of directors should never prevail over the interest of BPI MS. Directors should be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in BPI MS. They must promote the common interest of all shareholders and BPI MS without regard to their own personal and selfish interest.

1. A contract of BPI MS with one or more of its directors or officers is voidable, at the option of BPI MS, unless the following conditions are present:
 - a. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting.
 - b. The vote of such director was not necessary for the approval of the contract.
 - c. The contract is fair and reasonable under the circumstances.
 - d. In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

2. Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to BPI MS, thereby obtaining profits to the prejudice of BPI MS, the director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the



stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the director risked his own funds in the venture.

3. A Director or Officer shall not disclose, reveal, or share, by whatever means or method, to any person or entity, any information especially all vital and/or confidential information it has learned, obtained, or acquired in any manner by reason of, and in the course of performing the whole or any portion of his obligation and duties as Director or Officer of BPI MS without the prior written consent of the company.

Section 17. RELATED PARTY TRANSACTIONS POLICY

BPI MS shall ensure strict and consistent compliance with laws and regulations involving transactions with its Directors, Officers and Stockholders (DOS), Affiliates and Other Related Parties. For this purpose, BPI MS shall submit to the IC, as required under Circular Letter (CL) No. 2017-29 (a) disclosure report of all entities in the conglomerate structure where it belongs, (the “Conglomerate Map/Organizational Structure”) and (b) a report on material exposures to related parties (the “Report on Material Related Party Transaction”).

Section 18. INSIDER TRADING POLICY

BPI MS Insurance Corporation is adopting the BPI policy on Insider Trading and the MSIJ Compliance Manual as far as applicable covering MSI shares.

RESTRICTIONS ON DISCLOSURE AND TRADING OF SECURITIES

- a. Blackout Periods for BPI Securities

Covered Persons are strictly prohibited from trading during the following periods (The prohibition also includes passing on material non-public information relating to BPI to those who may buy or sell securities – which are commonly referred to as “tipping”):

Structured Disclosures:

Ten (10) calendar trading days before and three (3) calendar trading days after the disclosure of quarterly and annual financial results;

Non-Structured Disclosures:

Three (3) calendar trading days before and three (3) calendar trading days after the disclosure of any material information other than item (a) above; Office bulletins for special Blackout Periods pertaining to the above will be issued by the Compliance Officer.

- a. Exception

The exercise of vested stock options (i.e., acquiring shares) may be done at any time, even during Blackout periods. However, the liquidation, (i.e., the sale of shares acquired from options) is subject to Blackout periods.

Section 19. WHISTLEBLOWING POLICY

1. BPI MS is committed to conducting its business in an honest and transparent manner at all times. All employees have the responsibility to raise suspicions of malpractice in their place of work and the right to do so in complete confidence.

2. BPI MS shall ensure whistle-blowers are always properly protected and that employees are able to report cases or suspicions of dishonesty in confidence without concern of retribution for genuine mistakes.
3. BPI MS shall also ensure the confidentiality and shall only disclose the report in accordance with this PRG and to the extent necessary for the purpose of investigation.
4. This regulation shall be read and interpreted in conjunction with the BPI Management Operating Manual and other rules and regulations.

Section 20. ANTI-BRIBERY POLICY

1. Prohibit bribery in any form, activities similar to bribery and activities which could give rise to bribery allegations, whether direct or indirect, whether with respect to civil service employees, politicians or other third parties, and by or on behalf of the overseas base.
2. Demonstrate a strong top-level commitment against bribery with respect to the above (1.0).
3. Communicate a clear anti-bribery message to all officers and employees and foster an environment whereby bribery is not acceptable.
4. When dealing with an outsourcing contractor, consultant, agency etc. (hereinafter referred to as “third party”) pay particular attention to bribery risk. When concluding an agreement for a transaction through a third party, items related to bribery prevention (representation, guarantee, pledge, right of audit/cancellation in the case of suspicion of bribery, etc.) shall be included. There were cases where public officials and/or civil servants offer transactions through third parties.

Section 21. CONTINUOUS DISCLOSURE AND TRANSPARENCY POLICY

The Board shall commit at all times to fully disclose all material information about the company for the benefit of the stockholder and other stakeholders

1. All material information that could potentially affect share price shall be publicly disclosed. Such information shall include but not be limited to: earnings results, materially significant acquisition or disposal of assets, board changes, related party transactions which are not in the ordinary course of business, shareholding of directors and major changes to ownership. This may also include material and reportable non-financial and sustainability information. All such disclosures shall be submitted to Philippine Stock Exchange and Securities and Exchange Commission following their respective guidelines or properly disclosed in such report(s) as may be required by regulators, for the interest of all stockholders and other stakeholders.
2. Material information on individual board members and key executives their experience and qualifications. This includes their qualifications, share ownership in the company, membership with other boards, other executive positions, continuous trainings attended and identification of independent directors;

Section 22. DATA PRIVACY POLICY

The Board of Directors shall be responsible for ensuring that data privacy is a fundamental element in the over-all corporate governance and responsible for overseeing implementation of the BPI MS’ strategic objectives and risk strategies for data privacy.

Section 23. STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY STOCKHOLDERS INTERESTS

It shall be the duty of the directors to promote stockholder rights, remove impediments to the exercise of stockholders' rights and provide effective redress for violation of their rights. They shall encourage the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions subject to legal constraints.

Section 24. MISCELLANEOUS

1. **Access to Information.** The Board shall have separate and independent access to the Corporate Secretary, who shall serve as adviser to the directors on their responsibilities and obligations and oversees the adequate flow of information to the Board prior to meetings. To provide directors with all the information and assistance necessary to prepare for meetings or obtain clarification for any relevant matters, this access to the Corporate Secretary shall be unhampered, unlimited and direct. Directors may simply request such information by phone, email, written communication or in person, from the Corporate Secretary who in turn shall give them all the information and assistance they shall need to prepare for the meeting or clarification of any relevant matters.

Management shall also ensure an adequate flow of information to the Board. This information may include background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and related documents, budgets, forecasts and monthly internal financial statements. In this respect, all directors shall also have access to advice from senior management including C-Suite officers such as the Chief Operating Officer, Chief Financial Officer, Chief Audit Executive, Chief Risk Officer, Chief Human Resources Officer, Chief Information Officer, and Chief Compliance Officer. All directors and board committees also have unrestricted access to company records and information in addition to receipt of regular detailed financial and operational reports from senior management.

2. **External Advice.** Considering the increasing complexity of market transactions and rapid rate of change in the regulatory sphere, the Board, if requested by the Chairman or other directors, may call on external specialists or consultants for advice, briefings or assistance on specialized areas of focus such as accounting standards, related party transactions, capital, tax, listing, mergers and acquisitions, valuation, etc. Management shall arrange for the external auditor, management services company or consultants to present to the Board and BPI MS.
3. **Annual Review.** The Board, through the Corporate Governance Committee, shall review at least annually, the Manual on Corporate Governance, which includes the Board Charter.
4. **Effectivity.** This Charter shall take effect when the Manual on Corporate Governance is approved by the Board.

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