

CORPORATE GOVERNANCE COMMITTEE
TERMS OF REFERENCE
(Revised on 11 June 2021)

Preface

Pursuant to the Insurance Commission Circular Letter No. 2020-71 on the Revised Code of Corporate Governance for Insurance Commission Regulated Companies, and The Manufacturers Life Insurance Co. (Phils.), Inc.'s ("Manulife Philippines" or "Company") commitment to international best practices in the area of corporate governance practice and culture, the Corporate Governance (CG) Committee was constituted. These Terms of Reference shall serve as a framework of the roles and responsibilities of the Committee.

The main function of the Committee is to assist the Board in the performance of its corporate governance responsibilities. It shall assist the Board in:

- the performance of its corporate governance responsibilities;
- ensuring that all nominations to the Board as well as those being considered for other positions requiring approval of the Board are duly deliberated, reviewed, and evaluated; and
- monitoring the structure and level of remunerations for all executive directors, Chairperson, senior management and corporate officers.

I. Definitions

1. **Corporate Governance** - the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

2. **Board of Directors or Board** - the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
3. **Executive Director** - a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
4. **Non-Executive Director** - a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
5. **Independent Director** - a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
6. **Officers** - refers to positions below that of Vice President up to supervisory level.
7. **Senior Management** – refers to positions of Vice President and above.
8. **Corporate Officer** – refers to the position of Senior Vice President and above.

II. Composition

The Committee shall be composed of at least three (3) members, majority of whom

should be independent directors, including the Chairperson.

III. Meetings

The Committee shall meet as and when required but at least four (4) times a year.

Meeting agenda will be prepared and provided in advance to members along with appropriate papers. Minutes will be prepared, approved by the Committee, and circulated to the Board.

IV. Secretary

The Corporate Secretary of the Company shall be the Secretary of the Committee.

V. Duties

The Committee shall consider and report to the Board through a summary report and/or minutes on each of the following matters on an annual or other periodic basis as it deems proper. It shall:

1. General Corporate Governance

- a. oversee the implementation of the corporate governance framework and shall periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity, and business strategy, as well as its business and regulatory environments;
- b. oversee the periodic performance evaluation of the Board and its committees as well as executive management, and shall conduct an annual self-evaluation of its performance, with additional assessments supported by an external facilitator every three years;
- c. ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. adopt corporate governance policies and shall ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. propose and plan relevant trainings for the members of the Board;
- g. monitor compliance by the members of the Board, Corporate Secretary, Compliance Officer, and other officers required under relevant law, rules and regulations to complete specific trainings or workshops. Schedule of required trainings/workshops is herein attached as ***Annex "A"*** which may be amended from time to time by the Corporate Secretary.

2. Nomination

- a. determine the nomination and election process for the Company's directors and shall have the special duty of defining the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- b. review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring approval by the Board of Directors. It should prepare a description of the roles and capabilities required of a particular appointment;
- c. prepare, in the case of the nomination of the Chairman, job specifications, including an assessment of the time commitment expected of him, recognizing the need for his availability in the event of crisis. It shall be the responsibility of the Committee to ensure that the candidates for the position of Chairman disclose their other commitments to the Board prior to appointment and that these other commitments be fully disclosed in the annual report of the Company. Any change in these commitments shall be reported to the Board and included in the next annual report.
- d. prepare the terms and conditions of appointment of all non-executive directors, making such terms and conditions available to any director for

inspection. The letter of appointment of each non-executive director shall specify the time commitment expected of them by the Company. They shall undertake to allot sufficient time to meet and do what is expected of them. Their other significant commitments shall be disclosed to the Board before appointments, indicating the timelines and in any case, the Board shall be informed of subsequent changes.

The Committee shall consider the following in determining the maximum number of directorships which any particular nominee for director of the company may have:

- i. The nature of the business of the corporation/s, where he is presently a director;
- ii. Number of directorships/active memberships and officerships in other corporations or organizations; and
- iii. Possible conflicts of interest.

Generally, the maximum number of concurrent directorships any director may hold shall be proportional to the capacity of a director to perform his duties diligently.

3. Remuneration

- a. establish a formal and transparent procedure to develop a policy for determining the remuneration of directors, senior management, and corporate officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates;
- b. monitor the structure and level of remunerations for senior management and corporate officers. It shall judge or make plans where to position the Company relative to other companies but such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance; and
- c. delegate responsibilities for setting up remunerations for all executive directors and chairperson, including pension rights or any compensation payments.

Annex "A"
Schedule of Mandatory Trainings/Workshops

Topics	Timing of Training	Facilitator	Deadline for Compliance	
Board Members				
Onboarding <ul style="list-style-type: none"> • Company background, board and committee compositions • Duties and responsibilities • Performance and continuing qualifications • Onboarding regulatory requirements and IC mandated topics on corporate governance: <ul style="list-style-type: none"> - Code of Corporate Governance for IC Regulated Companies - ACGS and IC Annual Corporate Governance Report - Board responsibilities - Illegal activities of corporations/ directors/ officers - Protection of minority shareholders - Liabilities of directors - Confidentialities - Conflict of Interest - RPT - Risk Management - Case studies and Financial Reporting and Audit • Industry and competitor trends and risks, regulatory landscape and environments • General Corporate Governance matters • Board and Committee Calendar 	Once	Corporate Secretary	30 days from election/ appointment	<p>Materials on the training are to be disseminated by the Corporate Secretary by email within 5 days from election/appointment of the Director.</p> <p>Training may be conducted face-to-face, online, or in other format as may be determined by the Corporate Secretary or as may be requested by the Director.</p>
Corporate Governance	Once	Institute of Corporate Directors (ICD) or other provider accredited by the Insurance Commission	Within six (6) months from assumption to office.	<p>Corporate Secretary to coordinate with the Director for the schedule of the training.</p> <p>Proof of compliance must be submitted to the Insurance Commission.</p>
AML-CTF	Annually	Compliance/ Corporate Secretary	Q4 of the Year to Q1 of the following year	<p>Updated materials from Compliance are to be disseminated by the Corporate Secretary by email not later than November 1 of the current year.</p> <p>Members of the Board are each to execute an Attestation upon completion of the required training, to</p>

				<p>be sent to the Corporate Secretary.</p> <p>The Corporate Secretary shall be responsible for monitoring compliance of the Directors. Proof of compliance must be submitted to the Compliance Team, and scanned and saved in the designated shared folder.</p>
Corporate Secretary				
Corporate Governance	Annually	Institute of Corporate Directors (ICD) or other provider accredited by the Insurance Commission	Within H2 of the Year	
Compliance Officer				
Corporate Governance	Annually	Institute of Corporate Directors (ICD) or other provider accredited by the Insurance Commission	Within H2 of the Year	Corporate Secretary to coordinate with the Compliance Officer for the schedule of the training.
Officers with Rank of Vice President and Up				
Corporate Governance	Once	Institute of Corporate Directors (ICD) or other provider accredited by the Insurance Commission	Within six (6) months from assumption to office.	<p>Corporate Secretary to coordinate with the Officers for the schedule of the training.</p> <p>Proof of compliance must be submitted to the Insurance Commission.</p>

Status of compliance shall be regularly reported to the Committee as and when required but at least annually.