



## **ASEAN CORPORATE GOVERNANCE REPORT (ACGR) 2014**

**Armed Forces and Police General Insurance Corporation**

### **Right to Participate Effectively In and Vote in General Shareholder Meetings**

#### **1. Details of the company's Annual Stockholders Meeting:**

Date: 26 June 2014 (Thursday)

Time: 1030H

Venue: AFPGEN Bldg. Col Bonny Serrano Road, Corner EDSA, Camp Aguinaldo, Quezon City

#### **2. List of board members who attended the most recent AGM**

At the start of the 2014 Annual Stockholders' Meeting, the Corporate Secretary of the Board, Atty Maria Cecilia A Capa, introduced the members of the Board of Directors who were present.

#### **Attendance Details of Stockholders**

<b>Name</b>	<b>Designation</b>
MS MARIA CARMELA G CABADING FLMI	Chairperson
BGEN ALEJANDRO T CAMAGAY JR	Vice Chairperson
COL EDMUNDO F GAMMAD PAF (Ret)	Member
PCS RAUL BASILIO DONIDA BOAC PNP	Member
ATTY. AUGUSTO Z FAJARDO	Member
JOSE LUIS MORENO	Member
MS. CORAZON D BUMANGLAG	Member
JUAN MANUEL RAMOS	Member

#### **3. Election of Directors**

The company allows shareholders to elect directors individually. The stockholder votes in person or by proxy. Considering that the company is wholly owned by the Armed Forces of the Philippines-Mutual Benefit Association, Incorporated (AFPMBAI), cumulative voting is not feasible.

### **Notice of AGM**

#### **1. Language**

The Company's Notice of the 2014 Annual Stockholders Meeting uses the English language.

#### **2. Profiles and Qualifications of Directors**

<b>NAME OF DIRECTOR</b>	<b>: P/DIR JUANITO B VANO JR</b>
AGE	: 54 YRS. OLD
DATE OF APPOINTMENT	: OCTOBER 24, 2014
LENGTH OF SERVICE	: 7 MONTHS
DATE OF LAST RE-ELECTION	: APRIL 24, 2015
ACADEMIC/PROFESSIONAL QUALIFICATIONS	: BS INDUSTRIAL ENGINEERING(1976-1979) BACHELOR OF SCIENCE (1979-1983) MASTER IN MANAGEMENT MAJOR IN PUBLIC ADMINISTRATION(1995-1996) POST GRADUATE LLB (1992-1994) POST GRADUATE
PRESENT DIRECTORSHIP	: AFP GENERAL INSURANCE CORPORATION
WORK EXPERIENCE	: THE DIRECTOR FOR LOGISTICS-PNP



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(MAY 7, 2014 UP TO PRESENT)

PAST APPOINTMENT AND/OR  
DIRECTORSHIPS

: POLICE REGIONAL OFFICE 9 (12-26-2012 TO 05-06-2014)

**NAME OF DIRECTOR**

: **COL FRANCO NEMESIO M GACAL PA (GSC)**

AGE

: 49

DATE OF APPOINTMENT

: SEPTEMBER 26, 2014

LENGTH OF SERVICE

: 8 MONTHS

DATE OF LAST RE-ELECTION

: APRIL 24, 2015

ACADEMIC/PROFESSIONAL  
QUALIFICATIONS

: BACHELOR OF SCIENCE (1988)  
MBA(1998) POST GRADUATE  
MASTERS IN STRATEGIC STUDIES (2013) POST GRADUATE

PRESENT DIRECTORSHIP

: AFP GENERAL INSURANCE CORPORATION  
CHIEF-OG5 PHILIPPINE ARMY(APRIL 11, 2014 UP TO

WORK EXPERIENCE

: PRESENT)

PAST APPOINTMENT AND/OR  
DIRECTORSHIPS

: N/A

**NAME OF DIRECTOR**

: **COL EDMUNDO F GAMMAD PAF(RET)**

AGE

: 59 YEARS OLD

DATE OF APPOINTMENT

: AUGUST 2012

LENGTH OF SERVICE

: 2 YRS AND 9 MONTHS

ACADEMIC/PROFESSIONAL QUALIFICATIONS

: BACHELOR OF SCIENCE PMA (1977)  
MA POLITICAL SCIENCE MAJOR IN DEFENSE & STRATEGIC  
STUDIES(1996-1997)POST GRADUATE

PRESENT DIRECTORSHIP

: AFP GENERAL INSURANCE CORPORATION

WORK EXPERIENCE

: EVP SALES & OPERATIONS GROUP AFPMBAI-PRESENT POSITION

PAST APPOINTMENT AND/OR DIRECTORSHIPS

: VP FOR FINANCE-AFPMBAI(2011-2012)  
VP FOR ADMIN-AFPMBAI(JAN 2011-APR 2012)  
HRD AFPRSBS(2006-2010)

SEMINAR

: CORPORATE GOVERNANCE ORIENTATION COURSE-ICD



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**NAME OF DIRECTOR** : **LTGEN ALAN R LUGA AFP(RET)**  
**AGE** : 57  
**DATE OF APPOINTMENT** : JULY 1, 2014  
**LENGTH OF SERVICE** : 10 MONTHS  
**DATE OF LAST RE-ELECTION** : APRIL 24, 2015  
**ACADEMIC/PROFESSIONAL QUALIFICATIONS** : BACHELOR OF SCIENCE PMA (1981)  
MBA-ATENEO 1995-1996 POST GRADUATE  
MASTERS IN MILITARY ARTS & SCIENCES-2000-2001  
**PRESENT DIRECTORSHIP** : AFP GENERAL INSURANCE CORPORATION  
**WORK EXPERIENCE** : PRESIDENT-Afpgen(JULY 2014 UP TO PRESENT)  
**PAST APPOINTMENT AND/OR DIRECTORSHIPS** : AFP VICE CHIEF OF STAFF -FEB 1 2013-MAY 12,2014  
CORPORATE GOVERNANCE ORIENTATION  
**SEMINAR** : COURSE-ICD

**NAME OF DIRECTOR** : **MGEN VICTOR V BAYANI AFP**  
**AGE** : 56 YEARS OLD  
**DATE OF APPOINTMENT** : JUNE 26, 2014  
**LENGTH OF SERVICE** : 11 MONTHS  
**DATE OF LAST RE-ELECTION** : APRIL 24, 2015  
**ACADEMIC/PROFESSIONAL QUALIFICATIONS** : BACHELOR OF SCIENCE PMA (1985)  
MASTERS IN CUSTOM ADMINISTRATION MAY 28, 1996  
SUPPLY CITAN MGMT-2005  
**PRESENT DIRECTORSHIP** : AFP GENERAL INSURANCE CORPORATION  
DCS FOR LOGISTICS, J4-AFP(MAY 28, 2014  
UP TO PRESENT)  
**WORK EXPERIENCE** :  
**PAST APPOINTMENT AND/OR DIRECTORSHIPS** :  
CORPORATE GOVERNANCE ORIENTATION  
**SEMINAR** : COURSE-ICD

**NAME OF DIRECTOR** : **COL FLORANTE M AMANO PAF(GSC)**  
**AGE** : 48  
**DATE OF APPOINTMENT** : JULY 31, 2013  
**LENGTH OF SERVICE** : 1 YEAR AND 11 MONTHS  
**DATE OF LAST RE-ELECTION** : APRIL 24, 2015  
**ACADEMIC/PROFESSIONAL QUALIFICATIONS** : BACHELOR OF SCIENCE PMA (1990)  
MPM-UP 2002  
DIPLOMA STRAT STUDIES-UNSW-2007  
**PRESENT DIRECTORSHIP** : AFP GENERAL INSURANCE CORPORATION



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WORK EXPERIENCE : A4-PAF-JUNE 2013 UP TO PRESENT  
PAST APPOINTMENT AND/OR : AFPSLAI-TRUSTEE-2013  
DIRECTORSHIPS : CORPORATE GOVERNANCE ORIENTATION  
SEMINAR : COURSE-ICD-2013

**NAME OF DIRECTOR : ATTY AUGUSTO Z FAJARDO**  
AGE : 80  
DATE OF APPOINTMENT : APRIL 28, 2010  
LENGTH OF SERVICE : 5 YEARS AND 2 MOS  
DATE OF LAST RE-ELECTION : APRIL 24, 2015  
ACADEMIC/PROFESSIONAL : COLLEGE OF LIBERAL ARTS AND COLLEGE OF  
QUALIFICATIONS : LAW-1956  
PRESENT DIRECTORSHIP : AFP GENERAL INSURANCE CORPORATION  
WORK EXPERIENCE :  
PAST APPOINTMENT AND/OR :  
DIRECTORSHIPS : PRESIDENT PHIL CHARTER INS CORP-2001  
MAPFRE PHILIPPINES 2001

**NAME OF DIRECTOR : CAPT ALBERTO B CARLOS PN(GSC)**  
AGE : 48  
DATE OF APPOINTMENT : DECEMBER 21, 2011  
LENGTH OF SERVICE : 3 YEARS AND 6 MONTHS  
DATE OF LAST RE-ELECTION : APRIL 24, 2015  
ACADEMIC/PROFESSIONAL : BS COMPUTER SCIENCE-1989  
QUALIFICATIONS :  
PRESENT DIRECTORSHIP : AFP GENERAL INSURANCE CORPORATION  
WORK EXPERIENCE : N4-PHIL NAVY NOVEMBER 2011 UP TO PRESENT  
PAST APPOINTMENT AND/OR :  
DIRECTORSHIPS :  
CORPORATE GOVERNANCE ORIENTATION C  
SEMINAR : OURSE-ICD

**NAME OF DIRECTOR : CAPT JUAN MANUEL DF RAMOS JR PCG**  
AGE : 55  
DATE OF APPOINTMENT : JUNE 26, 2014  
LENGTH OF SERVICE : 11 MONTHS  
DATE OF LAST RE-ELECTION : APRIL 24, 2015  
ACADEMIC/PROFESSIONAL : BS -PMA-1992  
QUALIFICATIONS : POLICE SENIOR OFFICER EXECUTIVE COURSE-2012  
MASTERS IN MGT PUBLIC ADMINISTRATION-2013  
PRESENT DIRECTORSHIP : AFP GENERAL INSURANCE CORPORATION  
ASSISTANT OF CHIEF OF COAST GUARD STAFF  
FOR LOGISTICS  
WORK EXPERIENCE : MARCH 2014 UP TO PRESENT



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PAST APPOINTMENT AND/OR DIRECTORSHIPS	:	PROCUREMENT OFFICER-PHIL COAST GUARD MARCH 2013
SEMINAR	:	CORPORATE GOVERNANCE ORIENTATION COURSE-ICD

<b>NAME OF DIRECTOR</b>	:	<b>MR JOSE LUIS Z MORENO</b>
AGE	:	68
DATE OF APPOINTMENT	:	NOVEMBER 29, 2011
LENGTH OF SERVICE	:	3 YEARS AND 7 MOS
DATE OF LAST RE-ELECTION	:	APRIL 24, 2015
ACADEMIC/PROFESSIONAL QUALIFICATIONS	:	AB ECONOMICS -1967
PRESENT DIRECTORSHIP	:	AFP GENERAL INSURANCE CORPORATION
WORK EXPERIENCE	:	PALM VILLAGE ASSN TRUSTEE-FEB 2010 GAWAD KALINGA HEAD-ADMIN/HR JULY 2006
PAST APPOINTMENT AND/OR DIRECTORSHIPS	:	SWISS REINSURANCE CO-COUNTRY MANAGER-2005
SEMINAR	:	CORPORATE GOVERNANCE SEMINAR-ICD

<b>NAME OF DIRECTOR</b>	:	<b>MS CORAZON BUMANGLAG</b>
AGE	:	60
DATE OF APPOINTMENT	:	MARCH 26, 2013
LENGTH OF SERVICE	:	2 YEARS AND 3 MOS
DATE OF LAST RE-ELECTION	:	APRIL 24, 2015
ACADEMIC/PROFESSIONAL QUALIFICATIONS	:	BSBAA-1976 MASTERS IN BUS. ADMINISTRATION-1978-1980 EXECUTIVE DEVELOPMENT PROGRAM-1998 ADVANCED BANK MGT TRAINING 1990
PRESENT DIRECTORSHIP	:	AFP GENERAL INSURANCE CORPORATION DIRECTOR-BOARD OF DIRECTORS GIECO FINANCING AND RESOURCE CORP MAY 2014
WORK EXPERIENCE	:	GAWAD KALINGA HEAD-ADMIN/HR JULY 2006
PAST APPOINTMENT AND/OR DIRECTORSHIPS	:	VP-BPI 2000-2007 EVP-FEBTC 1995-2000
SEMINAR	:	CORPORATE GOVERNANCE SEMINAR-ICD



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<b>NAME OF DIRECTOR</b>	<b>CDR TITO ALVIN G ANDAL</b>
AGE	: 43
DATE OF APPOINTMENT	: JANUARY 27, 1972
LENGTH OF SERVICE	: 8 MONTHS
DATE OF LAST RE-ELECTION	: AUGUST 28, 2013
ACADEMIC/PROFESSIONAL QUALIFICATIONS	: PBMIT 1989-1990 UNDERGRADUATE
PRESENT DIRECTORSHIP	: AFP GENERAL INSURANCE CORPORATION
WORK EXPERIENCE	: CG-4 HPCG PHILIPPINE COAST GUARD
PAST APPOINTMENT AND/OR DIRECTORSHIPS	:
SEMINAR	: CORPORATE GOVERNANCE SEMINAR-ICD

<b>NAME OF DIRECTOR</b>	<b>MARIA CARMELA G CABADING</b>
AGE	: 55
DATE OF APPOINTMENT	: JULY 16, 1960
LENGTH OF SERVICE	: 10 MONTHS
DATE OF LAST RE-ELECTION	: JUNE 26, 2014
ACADEMIC/PROFESSIONAL QUALIFICATIONS	: BS MATHEMATICS MAJOR IN ACTUARIAL SCIENCE-1981
PRESENT DIRECTORSHIP	: AFP GENERAL INSURANCE CORPORATION
WORK EXPERIENCE	: AFPMBAI-PRESIDENT
PAST APPOINTMENT AND/OR DIRECTORSHIPS	:
SEMINAR	:

<b>NAME OF DIRECTOR</b>	<b>BGEN ALEJANDRO T CAMAGAY JR</b>
AGE	: 60
DATE OF APPOINTMENT	: NOVEMBER 13, 2011
LENGTH OF SERVICE	: 2 YEARS AND 6 MONTHS
DATE OF LAST RE-ELECTION	: JUNE 26, 2014
ACADEMIC/PROFESSIONAL QUALIFICATIONS	: BS PMA-1973-1977/BS GEOLOGY 1970-1973
PRESENT DIRECTORSHIP	: AFP GENERAL INSURANCE CORPORATION
WORK EXPERIENCE	: COMMANDER, AIRFORCE RESERVE COMMAND
PAST APPOINTMENT AND/OR DIRECTORSHIPS	:
SEMINAR	:



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<b>NAME OF DIRECTOR</b>	<b>PCS RAUL BASILIO D BOAC</b>
AGE	: 60
DATE OF APPOINTMENT	: DECEMBER 20, 2012
LENGTH OF SERVICE	: 2 YEARS
DATE OF LAST RE-ELECTION	: JUNE 26, 2014
ACADEMIC/PROFESSIONAL QUALIFICATIONS	: BS PMA-1977-1981
PRESENT DIRECTORSHIP	: AFP GENERAL INSURANCE CORPORATION
WORK EXPERIENCE	: DEPUTY DIRECTOR LOGISTICS SUPPORT SERVICE PNP, CAMP CRAME
PAST APPOINTMENT AND/OR DIRECTORSHIPS	:
SEMINAR	:

### 3. Auditors seeking appointment/re-appointment

- Audit Committee shall recommend on the appointment of external auditors - *Corporate Governance Code - 2.2.3 Audit Committee Functions, page 17*
- Audit Committee shall make recommendations to the Board regarding the engagement of services of the external auditor, in consonance with IC and SEC requirements - *ARMC Manual - 5.5.1 External Audit, page 3.*

### **The Rights of Stakeholders that are Established by Law or by Mutual Agreement are to be Respected.**

#### **1. Policy that stipulates the existence and scope of the company's efforts to address customers' welfare**

The company's policy and commitment to the welfare of customers is clearly stated in the corporate Vision-Mission, core values and tagline.

#### **VISION:**

To be a highly professionalized and responsive non-life insurance company preferred by the members and families of the Armed Forces, Police, and other uniformed services, and be recognized as a major player in the industry.

#### **MISSION:**

We provide quality nonlife insurance products and services to members of the Armed Forces, Police, other uniformed services and their families, and other clients.

In support of this, we are committed to:

1. Continue providing the Armed Forces & Police dependable insurance coverage and services exceeding industry norms.
2. Achieve customer satisfaction through prompt issuance of policies, speedy and fair settlement of claims.
3. Give our shareholders an equitable return on their investments while adhering to the highest standards of business conducts.
4. Develop a highly motivated sales force by making them an integral part of the AFPGIC family.
5. Promote employee morale through career development and competitive compensation and benefits.



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6. Maintain lasting and mutually beneficial relationships with reinsurers and consortia and network with associations in the industry.
7. Undertake civic and corporate social activities for the well-being and development of the community.

## **CORE VALUES**

### **"We Protect"**

**Professionalism** – We are a team composed of well-trained, knowledgeable, competent and proficient insurance practitioners adhering to the highest standards of business conduct.

**Teamwork** – We work and support each other to achieve a common goal.

**Commitment** – We fulfill our promises to our stakeholders.

**Trustworthiness** – We are sincere with our words and actions in serving our clients.

## **TAGLINE**

### **SAGOT KA NAMIN 24/7**

We recognize the importance of an immediate response to clients most especially when they are subjected to the risks covered by our Insurance products. In order to cater to them, anytime and anywhere, we have tapped a Call Center facility which will answer calls 24/7. This facility is composed of premier front liners equipped with a basic knowledge of AFPGEN products and skills in excellent customer service. On top of this, we also offer Roadside Assistance 24/7 to assist our Insured Clients in case they figure in a vehicular accident.

## **2. Policy that explains supplier/contractor selection practice**

The Asset Management Committee requires suppliers to submit quotations and the award shall be given to the lowest bidder who meets the requirements.

*Reference: As further explained in the Administration Manual, Guidelines for Procurement, page 9.*

## **3. Policy that describes the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development**

The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development include the use of the following devices: LED lights to save electricity, water-free urinals in male restrooms to conserve water, online transactions as well as recycling.

## **4. Policy that elaborates the company's efforts to interact with the communities in which they operate**

In December 2014, the company carried out its CSR project to directly benefit the children of AFPGEN's target market. A group of twenty staff members committed themselves to serve as "Big Kuya, Big Ate" mentors to Help Educate Rear Orphans (HERO) foundation orphans. The company also had a Personal Accident Christmas Cards tie-up with HERO Foundation.

*Reference: Company Website - News and Events - CSR, [http://afpgen.com/?page\\_id=747](http://afpgen.com/?page_id=747)*

## **5. Policy that describe the company's anti-corruption programmes and procedures**

The policy against dishonesty and other corruption offenses which includes the following acts:

- a. Obtaining materials with the use of fraudulent purchase of falsified letters, propaganda, or other authorization.
- b. Engaging in industrial espionage or failure of an employee to keep in strict confidence any confidential matter, records, etc. which the employee may acquire in the course of his work.





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- c. Willful disclosure of confidential company records and information.
- d. Falsification of company records, documents or forging signatures of company officials.
- e. Misrepresentation of facts in the application for employment.
- f. Offering, soliciting or accepting bribes in any form as a condition for the performance of one's duty.
- g. Connivance with co-employees, superiors, clients, creditors, or anybody to defraud the company.
- h. Misrepresentation on claims of company benefits.
- i. Extorting money from co-employees, clients, or anybody doing business with the company.
- j. Manipulation of records detrimental to the company.
- k. Discounting or encashing company checks.
- l. Withholding or malversation of funds and other similar forms of irregularities.
- m. Gross deliberate inefficiency or gross negligence in the performance of official functions / duties and responsibilities which result in grave injuries to others or in large losses or damages to the company.

Employees, officers, stakeholders, clients and the general public can use the company website, "Contact Us section" to report of any violation of the abovementioned acts. The Corporate Governance Office immediately acts on the reports received through the website.

*Reference: Code of Conduct and Discipline, Section VII. Offenses and Penalties, pages 7-8.*

### **6. Policy that describes how creditors' rights are safeguarded**

The company strictly monitors a 90-day premium payment warranty (PPW) for incoming reinsurance companies, as reflected in the Memorandum of Agreement.

### **7. Customer health and safety**

AFPGEN ensures that it is fully responsive to the needs of its customers. As such, the company fulfills its mandate to:

- Provide excellent non-life insurance products and services to the armed forces, police, uniformed personnel, individual and corporate clients.
- Treat the customers with the utmost respect, courtesy and integrity in all business transactions.
- Provide immediate response to clients most especially when they are subjected to the risks covered by our insurance products.

In line with this, the company created a Call Center Facility which will answer calls anytime of the day anyday of the week. It also offers Roadside Assistance 24/7 to help out insured clients in case they figure in a vehicular accident.

### **8. Supplier/Contractor Selection and Criteria**

The Company prescribes the following guidelines to ensure mutually beneficial relationship with its suppliers.

#### **Procurement**

1. The Asset Management Committee (AMC) shall review the documents forwarded by the Admin Department pertaining to purchases that would require the approval of the President.
2. The documents should have memorandum of requesting department and Abstract of Canvass approved by the President and the AMC respectively, together with quotations from at least three suppliers.
3. The attached bids in the Abstract of Canvass shall include all requirements.
4. The award shall be given to the lowest bidder.



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5. While bid contracts generally must be awarded to the lowest bidder, AMC may recommend best value contracting to award a contract to the vendor or contractor.

6. Upon delivery of items purchased, such would be declared as accepted by any two members of the AMC except for Procurement Specialist by signing the Official Receipt or Invoice after such is stamped for acceptance by Procurement Specialist.

*Reference: Administration Manual - Procurement, page 9.*

#### **9. Interaction with the communities**

The Company actively interacts with the scholars of the Hero Foundation. In December 2014, the company carried out its CSR project to directly benefit the children of AFPGEN's target market. A group of twenty staff members committed themselves to serve as "Big Kuya, Big Ate" mentors to Help Educate Rear Orphans (HERO) foundation orphans. The company also had a Personal Accident (PA) Christmas Cards tie-up with the foundation.

*Reference: Company Website - News and Events - Corporate Social Responsibility*

*[http://afpgen.com/?page\\_id=747#tabs-747-0-0](http://afpgen.com/?page_id=747#tabs-747-0-0) and <http://afpgen.com/?p=6017>*

#### **10. Separate corporate responsibility (CR) report/ section or sustainability report/section**

The official website contains a separate corporate social responsibility (CSR) section.

Projects include mentoring the HERO scholars and PA Christmas Cards.

*Reference: Company Website - News and Events - Corporate Social Responsibility*

*[http://afpgen.com/?page\\_id=747#tabs-747-0-0](http://afpgen.com/?page_id=747#tabs-747-0-0) and <http://afpgen.com/?p=6017>*

### **Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.**

#### **1. Contact details via the company's website or Annual Report**

The Company website ([www.afpgen.com](http://www.afpgen.com)), has a section, "Contact Us" that can be can be used by all clients, employees, management, stakeholders and the general public to send their feedback, concerns and inquiries.

*Reference: Company Website – Contact Us - [http://afpgen.com/?page\\_id=32](http://afpgen.com/?page_id=32).*

### **Performance-enhancing mechanisms for employee participation should be permitted to develop**

#### **1. Information relating to the health, safety, and welfare policy for its employees**

The company explicitly discloses and publishes the relevant information relating to the health, safety, and welfare policy for its employees namely the following:

- **Security Plan** – outlines the general security policies to protect AFPGEN personnel and properties from harm and damage caused by hostile elements or by fire.
- **Fire Disaster Operation Plan** – A plan was set to help minimize the loss of lives and properties; activities include fire seminar and fire drills.
- **Annual Physical Examination**
- **Retirement Plan**
- **Vacation Leave /Sick Leave/Emergency Leave-** In line with the company's continuing efforts to further improve and address the general welfare of its employees, the Vacation Leave and Sick Leave will be provided to employees to give them time to recuperate in times of illness, allow time for rest or to attend to personal matters.
- **Official Travel of AFPGEN Personnel** - It shall be the general policy of the company to support reasonable expenses of AFPGen personnel traveling within the country.



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*Reference: This information is further discussed in the Administration manual, II.7 and II.8, pages 19-26. Also, the company provides Annual Physical Examination, Retirement Plan, Vacation Leave (pages 1-4)/Sick Leave (pages 4-5)/Emergency Leave (page 5) and Official Travel (pages 9-14).*

### **2. Training and development programmes for its employees**

It is the policy of the Company to make training and development available to officers and employees to meet organizational and human capital needs for the purpose of building and retaining a skilled and efficient AFPGEN work force.

*Reference: Human Resources Manual (pages 1-8).*

### **3. Reward/ compensation policy that accounts for the performance of the company beyond short-term financial measures**

The Human Resources Department undertakes the Performance Management System of all employees, which accounts for the performance of the company beyond short-term financial measures. Managing the performance of the individual employees will help us draw out the best from our people in terms of commitment to corporate mission and objectives, attainment of the highest level of productivity, and achievement of personal and professional growth.

*Reference: Human Resources Manual (pages 6-17).*

**Stakeholders including individual employee and their representative bodies should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.**

### **1. Procedures for complaints by employees against illegal and unethical behavior:**

A Notice of Investigation shall be given to the employee prior to the investigation. The Investigation Committee shall have the authority to take testimony or receive evidence for the case.

*Reference: Code of Conduct and Discipline, Section VIII.21. Specific Guidelines and Procedure on Administrative Investigation and Proceedings pages 22-24.*

### **Contents of the Annual Report:**

#### **a. Key risks**

The key risks are: financial; credit; liquidity; market; interest rate; currency; and, price risks.

*Reference: 2014 Audited Financial Statements, pages 29-33.*

#### **b. Corporate objectives**

The corporate objectives are stated in the Mission-Vision, core values "We Protect", and company tagline ""Sagot kanamin 24/7.".

*Reference: Company Website - Mission and Vision, [http://afpgen.com/?page\\_id=2](http://afpgen.com/?page_id=2)*

#### **c. Financial performance indicators**

The financial performance indicators of the company include Assets, Liabilities and Equity, Underwriting Income, Investment and Other Income.

*Reference: 2014 Audited Financial Statement*

#### **d. Training and/or continuing education programme attended by each director**

<b>Name of Director</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
MGEN JUAN MANUEL DF RAMOS PCG	August 28 & 29, 2014	Corporate Governance Orientation Program	Institute of Corporate Directors

#### **e. Attendance details of each director in respect of meetings held.**



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**i. Executive Committee**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>	<b>No. of Meetings</b>	<b>In %</b>
COL EDMUNDO F GAMMAD PAF(RET)	Chairman	15	15	100
BGEN ALEJANDRO T CAMAGAY JR	Member	8	8	100
LTGEN ALAN R LUGA AFP(RET)	Member	7	7	100
P/DIR GIL J HITOSIS PNP	Member	2	8	25
MGEN GAMALIEL CRUZ	Member	2	5	20
MGEN VICTOR V BAYANI AFP	Member	1	5	20
ATTY AUGUSTO Z FAJARDO	Member	14	15	93
PCS RAUL BASILIO D BOAC PNP	Member	2	5	40

**The Executive Committee held a total number of 15 meetings in 2014.**

**ii. Audit Committee**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>	<b>No. of Meetings</b>	<b>In %</b>
MS CORAZON D BUMANGLAG	Chairperson	8	8	100
COL EDMUNDO F GAMMAD PAF(RET)	Member	8	8	100
MR JOSE LUIS Z MORENO	Member	7	8	88
CAPT ALBERTO B CARLOS PN(GSC)	Member	6	8	75
CDR TITO ALVIN ANDAL	Member	0	5	0
CAPT JUAN MANUEL DF RAMOS JR	Member	1	2	50

**The Audit Committee held a total number of 8 meetings in 2014.**

**iii. Corporate Governance Committee**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>	<b>No. of Meetings</b>	<b>In %</b>
MR JOSE LUIS Z MORENO	Chairman	11	15	73
COL EDMUNDO F GAMMAD PAF(RET)	Member	15	15	100
LTGEN ALAN R LUGA AFP(RET)	Member	9	9	100
BGEN ALEJANDRO T CAMAGAY JR	Member	5	6	83
COL FLORANTE M AMANO PAF(GSC)	Member	1	4	50
CAPT JUAN MANUEL DF RAMOS JR PCG	Member	2	4	50

**The Corporate Governance Committee held a total number of 15 meetings in 2014.**



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**iv. Board of Directors Meeting**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>	<b>No. of Meetings</b>	<b>In %</b>
MA CARMELA G CABADING	Chairperson	7	7	100
MGEN EDGARDO RENE C SAMONTE AFP(RET)	Member	6	6	100
COL EDMUNDO F GAMMAD PAF(RET)	Member	13	13	100
BGEN ALEJANDRO T CAMAGAY JR	Member	6	6	100
LTGEN ALAN R LUGA AFP(RET)	Member	5	5	100
MGEN GAMALIEL CRUZ	Member	1	3	33
MGEN VICTOR V BAYANI AFP	Member	2	7	29
P/DIR GIL J HITOSIS PNP	Member	5	5	100
P/DIR JUANITO B VANO JR PNP	Member	6	7	86
COL JESSIE MARIO DOSADO	Member	0	2	0
COL EMMANUEL P PRIVADO PA	Member	0	1	0
COL FRANCO NEMESIO M GACAL PA(GSC)	Member	4	5	80
COL FLORANTE M AMANO PAF(GSC)	Member	8	13	62
CAPT ALBERTO B CARLOS PN(GSC)	Member	11	13	85
ATTY AUGUSTO Z FAJARDO	Independent Director	12	13	92
MR JOSE LUIS Z MORENO	Independent Director	12	13	92
MS CORAZON D BUMANGLAG	Independent Director	12	13	100
CDR TITO ALVIN ANDAL	Member	1	2	50
CAPT JUAN MANUEL DF RAMOS JR PCG	Member	6	7	86
PCS RAUL BASILIO D BOAC PNP	Member	12	12	100

**The Board of Directors held a total of 13 meetings in 2014.**

**5. Corporate Governance Confirmation Statement**

**Statement confirming the company's full compliance with the code of corporate governance**

**Compliance System:**

The Board of Directors shall be primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, the Board shall provide an independent check on management.

a. Ensure AFPGEN's compliance with all applicable laws, rules & regulations & best practices.

b. Ensure compliance with the corporate governance policies and practices and that the meetings of the Board are held in accordance with the By-Laws.

*Reference: Corporate Governance Code, Compliance System, pages 8-15.*

**Modes of communication**

**1. Quarterly reporting** – The Company published two newsletters in 2014.



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**2. Company website** – The Company extensively uses its website ([www.afpgen.com](http://www.afpgen.com)) in reaching out and disseminating relevant information to all its stakeholders (investors, customers, employees, suppliers, creditors, competitors, community, government) and the public in general).

#### **Timely Filing/Release of Annual/Financial Reports**

1. The 2013 Audited Annual Financial Statements of the Company were submitted to the BIR and IC in April 2014.

*Reference: 2013 Audited Annual Financial Statements*

2. The executives of the Company namely the President/CEO, Senior Vice President and Chief Financial Officer issued a statement that they reviewed, approved and affirmed the fair representation of the Annual Financial Statement.

#### **Company Website disclosing up-to-date information on the following:**

##### **1. Business operations**

The Company's website contained broad information about the Company and its business, subdivided into different sections: About Us Section; Products Section; News and Events Section; Careers Section; Licensed Agent Section; OFW Section; and, Claims Section.

##### **2. Financial statements/reports (current and prior years)**

The financial statements/reports of the company are reflected in the 2014 Audited Financial Statements and in the 2014 Interim Report, Executive Summary, pages 5-11. It is also disclosed in the company website Company Website - About Us - Corporate Governance.

##### **3. Company's constitution**

The Corporate Governance section of the company website contains most of the relevant corporate governance policies and procedures including the following: By-laws; Articles of Incorporation; and, Corporate Governance Code.

#### **Board Duties and Responsibilities**

##### **1. Corporate governance policy / board charter**

The company discloses its corporate governance policy/board charter. The By-Laws, Articles of Incorporation, Corporate Governance Code and Proposed Governance Charter are uploaded in the company website.

##### **2. Types of decisions requiring board of directors/commissioners' approval disclosed**

The types of decisions that require board of directors' approval are the following:

##### **By-Laws**

##### **Section 4. Powers (page 3-5)**

- Make and change rules and regulations not inconsistent with the By-laws
- Purchase or acquire rights and privileges which the company is authorized to acquire
- Pay for any property or rights acquired by the company
- Borrow money for the company
- Delegate any of the powers of the Board which can be lawfully delegated
- Create such other positions in the corporation

##### **Corporate Governance Code**

##### **Commitment to Good Corporate Governance (page 2)**

The Board will fulfill the three significant roles of the Board: fiduciary (stewardship of the





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assets), strategic (pursuit of the mission and vision) and generative (questioning, exploring and generating ideas)<sup>1</sup>.

#### **General Responsibilities of the Board (page 8)**

The Board shall formulate/review/revise from time to time the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management's performance.

#### **3. Roles and responsibilities of the board of directors/commissioners**

The separation of roles and responsibilities of the board of directors are clearly stated in the By-Laws - Article IV. Officers, *pages 5-9*, and; Corporate Governance Code - 1.7 Duties and Responsibilities of a Director, *pages 13-15*

#### **Corporate Vision/Mission**

##### **1. Vision and mission statement**

The Company's Vision and Mission statements are reflected in the Corporate Governance Code - Vision Mission Values, *page 4*; and 2014 Interim Report *page 1*. AFPGEN's Mission and Vision statements are likewise posted in the company website About Us – Vision Mission - [http://afpgen.com/?page\\_id=2](http://afpgen.com/?page_id=2)

##### **2. Board of directors' role to monitor/oversee the implementation of the corporate strategy**

The Board is chiefly responsible to monitor/oversee the company's strategic plans:

- a. Review and approve a strategic plan for the company
  - b. Provide sound strategic policies and guidelines in core areas of operations and periodically evaluate and monitor their implementation, including business plans, operating budgets and Management's over-all performance as well as dealings with policyholders, claimants and creditors.
- Reference: Corporate Governance Code - 1.6 Duties and Functions of the Board, page 12.*

#### **Code of Ethics or Conduct**

##### **1. Details of the code of ethics or conduct**

The Code of Conduct and Discipline is disclosed in the company website.

*Reference: Company Website*

##### **2. Implementation and monitoring of compliance with the code of ethics or conduct**

The Company expects strict adherence to a professional standard of conduct by all AFPGEN employees regardless of position, rank, or assignment in the performance of their work and their dealings with one another, clients and stakeholders alike.

It is the policy of the Company that administrative investigations and proceedings undertaken shall inquire into complaints of misconduct by employees in a fair and objective manner. In this regard, management reserves the right to conduct such investigation to objectively uncover the facts in each complaint filed while protecting the rights and dignity of the subject employee. For purposes of investigation, only those that merit suspension or termination may be investigated. In the course of any administrative investigation, all investigative methods employed must be consistent with the law. For purposes of conducting an investigation, only those cases that merit suspension or termination may be the subject thereof.

*Reference: Code of Conduct and Discipline - VIII. Policy on Administrative Investigation and Proceedings, page 15.*



## **Board Structure & Composition**

### **1. Independent Directors**

The Company's Independent Directors are independent of management and free from any business or other relationship which could materially interfere with his judgment.

*Reference: Corporate Governance Code - 1.3.2 Qualifications of the Independent Director - page 9.*

### **2. Term limit of nine years or less for independent directors**

The Code of Corporate Governance provides the term of office of the independent directors  
1.5.3 An Independent Director can be re-elected for 5 consecutive years. There will be a two-year gap before he can be re-elected yearly for another 4 years. The Independent Director is barred from being elected after this nine-year term.

The Company also follows the SEC Memorandum Circular No. 9 which prescribes a five-year term limit imposed on independent directors of insurers. After completion of the five-year service period, an ID shall be ineligible for election as such in the same company unless the ID has undergone a "cooling off" period of two (2) years.

*Reference: Code of Corporate Governance, 1.5 Term of Office, page 12, SEC Memorandum Circular No. 9 -*

*<http://www.sec.gov.ph/laws/memorandumcircular/CY%202011/sec%20memo%20no.%209,%20s2011.pdf>* and company website

## **Nominating Committee**

### **1. Functions**

The Corporate Governance Committee is the Nominating Committee, given their main function as:

a. To advise the Board on corporate governance, nomination (and remuneration matters). This will include but not be limited to the institution of a system of rules and regulations to define the duties and responsibilities of every officer and employee for good governance consistent with the fiduciary responsibility of the corporation.

b. To review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors. It should prepare a description of the roles and capabilities required of a particular appointment.

*Reference: Corporate Governance Code - 2.3.3 Governance Committee Functions, page 18;*

a. To identify and/or evaluate nominees to become members of the Board, which shall be consistent with the Board's criteria for selecting new directors. Such criteria include consideration of such individual's background, diversity, age, skills and experience so as to enhance the Board's ability to manage and direct the affairs and business of the Company. Potential conflicts of interest, and related party transactions should be ruled out.

b. To recommend the Board candidates for assignment to or removal from Board committees, and considering the rotation of members of various Board committees.

*Reference: 2013 Proposed Governance Committee Charter - 2. Nomination and Remuneration Responsibilities, page 3.*

### **2. Independent directors in the Nominating Committee**

Only one of the three members, Mr Jose Luis Moreno, is an independent director,

*Reference: Corporate Governance Code - 2.3 Governance Committee, page 18.*

### **3. The Chairman as an independent director/ commissioner**

The Chairman of the Nominating Committee, Mr Jose Luis Moreno, is an Independent Director.





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#### **4. Terms of reference/ governance structure/charter**

Since the Corporate Governance Committee is the Nominating Committee, the charter of the latter are the Corporate Governance Code and 2013 Proposed Governance Committee Charter.

#### **5. Meetings**

The Nominating Committee had 15 meetings in 2014, in accordance with the prescribed number of meetings in its 2013 Proposed Governance Committee Charter - 2. Meetings.

#### **6. Attendance of Members**

*Please see Attendance details of each director in respect of meetings held: iii. Corporate Governance Committee*

#### **7. Assessment of Qualification of Directors**

The Nomination and Governance Committee undertakes the process of assessing the qualification of directors aligned with the Company's strategic directions. The committee reviews and evaluates the aptitude of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors, ensuring that each of them possesses all the qualifications and none of the disqualifications of the position.

#### **Remuneration Committee/ Compensation Committee**

**1. Functions.** The Corporate Governance Committee is the Remunerations Committee, given their main function as:

- a. Evaluate where to position the company's compensation structure relative to other companies in the industry and in consideration of the prospects for a corresponding improvement in performance. It should ensure a compensation system that provides performance oriented incentives to management.
- b. Provide the system for setting up the remuneration of directors and senior executives.
- c. Disallow any director from deciding his own remuneration.

*Reference: Corporate Governance Code - 2.3.3 Governance Committee Functions, pages 18*

- a. Evaluate management recommendations on the company's general compensation philosophy and oversee the development and implementation of compensation programs;
- b. Assess the performance of other executive officers of the corporation and their compensation;
- f. Oversee the establishment of pension plans and the administration of such plans.

*Reference: 2013 Proposed Governance Committee Charter - 2. Nomination and Remuneration Responsibilities, page 4.*

#### **2. The Remuneration Committee comprise of a majority of independent directors**

Only one of the three members, Mr Jose Luis Moreno, is an independent director.

*Reference: Corporate Governance Code - 2.3 Governance Committee, page 18.*

#### **3. The Chairman as an independent director/commissioner**

The Chairman of the Remunerations Committee, Mr Jose Luis Moreno, is an Independent Director.

*Reference: 2014 ACGR and Company Website*

#### **4. Terms of reference/ governance structure/ charter**



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The Company disclosed the terms of reference and governance structure of the Nominating Committee in its Corporate Governance Code and 2013 Proposed Governance Committee Charter . It is also reflected in the Company Website."

#### **5. Meetings**

Since the Corporate Governance Committee is the Remunerations Committee, the charters of the latter are both in the Corporate Governance Code and 2013 Governance Committee Charter.

#### **6. Attendance of members**

*Please see Attendance details of each director in respect of meetings held: iii. Corporate Governance Committee*

### **Audit Committee**

#### **1. Purpose**

The Company has an Audit and Risk Management Committee (ARMC) which shall assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and management of risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the code of conduct.

*Reference: ARMC Charter*

#### **2. Composition**

The Audit and Risk Management Committee is comprised of five members - four executive directors and one executive director (company President/CEO)

*Reference: ARMC Charter - 3. Composition, page 2. One of the five (5) members is an independent director, as stated in the ARMC Charter - 2.2.1 Composition, page 17."*

#### **3. The Chairman as an independent director**

The Chairman of the Audit and Risk Management Committee, Ms Corazon D Bumanglag, is an Independent Director.

*Reference: 2014 ACGR and Company Website*

#### **4. Terms of reference/governance structure/charter**

The Company disclosed the terms of reference and governance structure of the Audit and Risk Management Committee

*Reference: ARMC Charter - 1. Purpose, and 2. Authority, page 2.*

#### **5. Profile or qualifications of the Audit Committee members**

*See Profiles and Qualifications of Directors*

#### **6. Independent director's accounting expertise (accounting qualification or experience)**

The independent director and ARMC Chairman, Ms Corazon D Bumanglag, has a vast accounting expertise. She obtained her Bachelor's Degree in Business Administration and Accountancy from the University of the Philippines, earned 24 units in Master's in Business Administration program from De La Salle University, as well as Executive Development Program and Advanced Bank Management Training from the Asian Institute of Management. She is also a Director at the Gieco Financing and Resource Corporation and she was previously a Vice President at BPI and FEBTC.

#### **7. Audit Committee meetings**

"The Audit Committee requires at least 4 meetings a year. The Committee held 8 meetings in 2014.

*Reference: ARMC Charter, 2014 ACGR and company website*



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#### **8. Attendance of members**

*Please see Attendance details of each director in respect of meetings held: ii. Audit Committee*

#### **9. Audit Committee has primary responsibility for recommendation on the appointment, and removal of the external auditor**

Included in the primary responsibility of the Audit Committee is to make recommendation to the Board regarding the engagement of the services of the external auditor, in consonance with the IC and SEC requirements.

*Reference: ARMC Charter - 5.5.1 External Audit, page 3.*

#### **Board Processes**

##### **1. Board of directors meeting**

The Board meetings are held every fourth week of the month. The directors met 13 times in 2014.

*Reference: 2014 ACGR and Company Website*

##### **2. Minimum quorum**

The minimum quorum is a majority of 11 Directors of the Board (50% +1), or at least 6 Directors.

*Reference: 2014 ACGR and Company Website*

#### **Access to information**

##### **1. Role of the Corporate Secretary**

The Corporate Secretary plays a significant role in supporting the BOD in the discharge of its functions.

*Reference: By-Laws - Section 6. Secretary, page 8 and Corporate Governance Code - 4.4 Corporate Secretary, page 21.*

##### **2. Qualifications and Skills of the Corporate Secretary**

The Corporate Secretary, Atty. Maria Cecilia Capa, meets the qualifications and skills required of the position, which includes an adequate legal, basic financial and accountancy skills. She is a lawyer by profession and has obtained a Master's Degree in Public Administration. Atty. Capa caters to corporate clients engaged in real estate acquisition, development, management, operations and lease; theater maintenance and management; security services; water utilities; computer systems and website development; touchscreen kiosks creation, development and maintenance, retail stores operation, investment house, insurance; and apparel and clothing, among others.

#### **Board Appointments and Re-Election**

##### **1. Criteria used in selecting new directors/commissioners**

The selection, nomination and election of new Directors are based on their qualification, merit, and other objective criteria.

#### **Qualifications of the Members of the Board**

- a. Should possess the management capabilities in the areas of governance, strategic planning, organizational performance management, finance and human resource preferably in the field of insurance or insurance-related disciplines.
- b. Should be persons of integrity and credibility.
- c. In the case of the non-executive directors, they must possess direct knowledge and access to their organization's non-life insurance requirements and implementation processes.
- d. Should at least be 25 years of age at the time of appointment.



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e. Every director shall own at least one share of capital stock of the Company whose share should be in his name and recorded in the books of the Company

f. Should attend a special seminar on corporate governance

*Reference: Corporate Governance Code - 1.3.1 Qualifications of the Members of the Board, page 9.*

### **2. Process followed in appointing new directors/ commissioners**

All members of the Board are annually elected by stockholders of the Corporation and by a majority vote of the Board of Directors.

*Reference: By-Laws - Section 1. General, pages 3 and 5 and Corporate Governance Code -1.4.1 Election of Board Directors, page 11.*

### **Internal Audit**

#### **1. Separate internal audit function**

The Company has established an Internal Audit Office, functionally reporting to the Audit & Risk Management Committee of the Board and administratively to the CEO.

*Reference: The structure and functions of the Internal Audit Office are disclosed in the ARMC Charter - 5.4 Internal Audit, page 3; and Code of Corporate Governance - 4.4.4 The Internal Audit Department, page 22. "*

#### **2. Head of internal audit**

The Head of Internal Audit, Ms Mary Grace B Facto, is an Executive of the Company.

*Reference: 2014 Interim Report - The Management, page 14 and company website - About Us - Management - [http://afpgen.com/?page\\_id=94](http://afpgen.com/?page_id=94)"*

#### **3. Appointment and removal of the internal auditor**

The appointment (and removal) of the internal auditor require the approval of the Audit Committee.

*Reference: Internal Audit Charter - Board Resolution 2010-33.*

### **Risk Oversight**

#### **1. Internal control procedures/risk management systems the company has in place**

The risk management systems of the company are disclosed in the 2014 Audited Financial Statement, Financial Risks, pages 29-33.

#### **2. How key risks are managed**

The procedures on how key risks are managed are disclosed in the 2014 Audited Financial Statement, Financial Risks, pages 29-33.

### **People on the Board**

#### **1. Different persons assume the roles of chairman and CEO**

The role of Chairman and the CEO shall be separate to ensure the appropriate balance of power, increased accountability and independence.

*Reference: Corporate Governance Code - 1.2 Size and Composition, page 8.*

#### **2. Role and responsibilities of the chairman**

The Chairman of the Board of Directors shall have the following powers and duties:

- a. Preside at all meetings of the stockholders and of the Board of Directors.
- b. Cast the deciding vote in case of a tie in the meetings of the stockholders and of the Board of Directors.
- c. Ensure that the Board has all the necessary information and resources in order for them to fulfill their roles.



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- d. Ensure that the directors continually update their skills, knowledge and familiarity with the company's goals and objectives.
- e. Ensure compliance with the corporate governance policies and practices and that the meetings of the Board are held in accordance with the By-Laws.

*Reference: Corp Gov Code - 1.8 Powers & Duties of the Chairman of the Board, page 15.*