

# **CODE OF CORPORATE GOVERNANCE MARSH PHILIPPINES INC.**

February 2021

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## **I. Introduction**

This is the Code of Corporate Governance of Marsh Philippines, Inc.<sup>1</sup>

As part of its objectives to achieve the highest standards of corporate governance and pursuant to Circular Letter No. 2020-71, the Board of Directors of Marsh approved and adopted last February 2021 this Code of Corporate Governance<sup>2</sup>.

This Code is intended to institutionalize the principles of good corporate governance which the Board recognizes as a responsibility to fulfill and at the same time, necessary for sound management. By following the provisions of the Code, the Board of Directors, its Management team, Officers and Employees will operate on a consistent approach guided by clear objective in mind – that is, to maximize all resources to the utmost benefit of our clients, shareholders and other stakeholders.

The Board Charter is hereby made an integral part of this Code.

## **II. Binding Effect**

This Code shall bind the Board of Directors, Management, Officers and Employees of Marsh to full compliance thereto. Everyone is enjoined to adhere to the principles of good corporate governance as espoused in this Code.

This Code shall suppletorily apply to any applicable law, rules and regulations of the Company. In case of conflict, the law or regulation shall prevail.

## **III. Compliance Framework of Marsh Philippines**

### **(i) Compliance Officer**

Marsh is committed to ensure that it complies to existing rules and regulations, as well as principles of good governance. As such, it shall appoint a compliance officer to ensure that the Company, both from an operational and strategic standpoint, is compliant to existing rules and regulations and this Code.

The Compliance Officer shall have the rank of Vice President and shall be a member of the Company's management team. He/she shall have direct access to the Chairman of the Board, Board Committee and the Chief Executive Officer.

Among the duties and responsibilities of a Compliance Officer are as follows:

1. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);

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<sup>1</sup> Hereinafter referred to as "Marsh" or "Company"

<sup>2</sup> Hereinafter referred to as "Code".

2. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all issuances of regulatory agencies;
3. Reports the matter to the Board if violations are found and also, recommends the imposition of appropriate disciplinary action;
4. Collaborates with other departments to promote the integrity and accuracy of all documentary submissions to regulators;
5. Appears before the Insurance Commission when summoned in relation to compliance to this Code;
6. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
7. Ensures the attendance of board members and key officers to relevant trainings;
8. Collaborates with the Chief Executive Officer in managing the company's Risk Management System and serves as champion of Enterprise Risk Management; and,
9. Performs such other duties and responsibilities as may be provided by the Insurance Commission.

To ensure independence, the Board shall primarily be responsible for the approving the selection and assessment of the performance of the Chief Compliance Officer. However, this may be delegated by the Board to the respective lines of business where the Compliance Officer position sits.

(ii) Board of Directors

The Board of Directors recognizes the vital role it plays in ensuring that Marsh shall adhere to best practices on corporate governance. Compliance to the principles of good governance emanates from the Board, considering the best interest of the Company and its stakeholders, including shareholders. As such, the Board has adopted the Board Charter (Annex "A").

(iii) Board Committees

- (a) Risk Management, Audit, Compliance and Corporate Governance Committee
- (b) Nomination and Remuneration Committee

Each Board Committee shall be governed by its own set of Terms of Reference, hereto attached and made integral part of this Code.

#### **IV. Training and Communication**

Upon approval by the Board, all members of the Board and corporate officers including senior management shall undergo a training on the Code. Thereafter, relevant provisions of the Code shall form part of the training for all staff, including newly hired employees.

Internal written communications shall also be sent to all covered and this shall be made available in the Company's website.

## **BOARD CHARTER**

February 2021

### **1. PURPOSE OF THE CHARTER**

The Board Charter<sup>3</sup> is intended to provide the members of the Board of Directors a clear view on the values and principles of Marsh that will aid them in their decision making process. The Charter should provide a clear overview of their roles, responsibilities and powers as Directors of the company. Also, the Charter shall serve as a guide towards operationalizing matters which relate to the Board.

This Charter is subject to the provisions of the Corporation Code of the Philippines, the Company's Articles of Incorporation, By-laws and any applicable law or regulatory issuance of the appropriate government agency.

### **2. ROLE OF THE BOARD**

The Board of Directors refers to the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties through the Board.<sup>4</sup>

The Board has the power of the Corporation and the general supervision and control of the business of the Corporation and of all the property of the Corporation.<sup>5</sup>

### **3. RESPONSIBILITIES OF THE BOARD**

The Board exercises overall responsibility for governance of the Company. It has the responsibility of ensuring its long term success in a manner consistent with the principles of transparency, accountability and fair play. The Board shall lay the strategic direction of the Company, including reviewing and approving action plans and monitoring the same. Alongside competitive sustainability, the Board shall exercise active control and supervision in the formulation and implementation of institutional risk management. They shall be ultimately responsible for the Company's compliance with the Anti Money Laundering and Counter Financing Terrorism Laws including their respective rules and regulations, other directives and guidance, and other Insurance Commission (IC) and Anti-Money Laundering Council (AMLC) issuances.<sup>6</sup> To this end, the Board shall approve a comprehensive, risk-based Money Laundering and Terrorism Financing Prevention Program geared towards the promotion of high ethical and professional standards and the prevention of Money Laundering and Terrorist Financing which shall be disseminated across all staff for their compliance.<sup>7</sup>

Specifically, the Board shall<sup>8</sup>:

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<sup>3</sup> Hereinafter referred to as "Charter"

<sup>4</sup> IC Circular 2020-71

<sup>5</sup> Paragraph b, Article V of the Company's Amended By-Laws

<sup>6</sup> IC Circular 2018-60

<sup>7</sup> IC Circular 2019-65

<sup>8</sup> IC Circular 31-2005

1. Review and adopt a strategic plan for the company.
2. Oversee the conduct of the company's business to ensure that the business is being properly managed and its dealings are fair and equitable.
3. Identify principal business risks and ensure the implementation of appropriate risk management systems to specifically manage the enterprise and operational risks of the company.
4. Approve corporate policies in core areas of operations.
5. Plan succession, including appointing, training, fixing the compensation of, and where appropriate, replacing senior management, subject to delegation.
6. Develop and implement an investor relations program or adopt shareholder communications policy for the company.
7. Review the adequacy and the integrity of the company's internal control systems and management information systems including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines.
8. Select and appoint officers who are qualified to administer insurance affairs soundly and effectively and to establish an adequate selection process for all personnel when required by existing rules and regulations.
9. Apply fit and proper standards on personnel. It must have integrity technical expertise and experience in the Company's business, either current or planned, which should be the key considerations in the selection process.
10. Establish an appropriate compensation package for all personnel that are consistent with the interest of all its stakeholders.
11. Review and approve material transactions not in the company's ordinary course of business.
12. Establish a system of check and balance which applies to the Board and its members.
13. Have an appropriate reporting system so that the Board can monitor, assess and control the performance of Management.
14. Present to all its members and shareholders a balanced and understandable assessment of the company's performance and financial condition.
15. Appoint a Compliance Officer who shall be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations, subject to delegation.
16. The Board shall be entitled to the services of a Corporate Secretary who must ensure that all appointments are properly made, that all necessary information are obtained from directors, both for the company's own records and for the purpose of meeting statutory obligations, as well as those arising from the requirements of the Insurance Commission and other regulatory agencies.

#### **4. MATTERS RESERVED TO THE BOARD**

The Board reserves specific powers to itself. However, it may delegate authority to exercise any of its powers other than the powers reserved to it to its committees, a director or directors, management or any other person.

Its day to day powers are delegated to the Chief Executive Officer who in turn can make further delegation as may be allowed by Marsh Philippines Inc.'s Board of Directors and/ or as may be required by law.

A schedule of matters reserved to the Board is outlined in the Appendix to this Charter.

#### **5. DELEGATION OF AUTHORITY**

Delegated authorities must emanate from the Board. This is a prerogative that the Board has, considering the participation and involvement of management in relevant decisions affecting the Company and the accountability of management to the Board.

#### **6. COMPOSITION OF THE BOARD**

The Company should be headed by a competent, working Board to foster its long-term success and sustainability in a manner consistent with corporate objectives and the long-term best interests of its shareholders and other stakeholders<sup>9</sup>. As such, the Board shall be composed of directors with collective working knowledge, experience and expertise relevant to the insurance and/or broking industry.

The Board shall be composed of both executive and non-executive directors to assure protection of the Company's interests. It shall likewise have independent director/s to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the corporation.<sup>10</sup>

Each director should possess the necessary skills and qualifications to ensure that he/she will give valuable contribution during discussions, deliberations and decision making process.

As the Company promotes diversity, no appointment as member of the Board shall be based on gender, age, ethnicity, nationality, social, political, cultural or religious status.

The appointment and remuneration of members of the Board shall be determined by the Nomination Committee and Remuneration Committee.

#### **7. ETHICAL CONDUCT**

Members of the Board are expected to act according to the Company's values and with the highest standards of integrity. They are expected to act in the best interest of the Company while promoting ethical leadership. Directors are expected to:

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<sup>9</sup> IC Circular 2020-71

<sup>10</sup> Ibid.

- (a) ensure that they do not engage in activities that may result in actual, apparent or even the mere appearance of conflict of interest;
- (b) be fair and honest in all their dealings;
- (c) foster cooperation among themselves and with management considering the best interests of the Company;
- (d) exercise prudence in decision making;
- (e) be accountable for their actions and decisions;
- (f) respect the delineation of roles and responsibilities of board and management;
- (g) follow all laws, rules, regulations and the Company's constitution, rules and regulations;
- (h) proactively promote compliance to rules and regulations;
- (i) participate in social responsibility initiatives of the Company;
- (j) avoid actual or appearance of any improper behavior or conduct.

The Board also adheres to The Greater Good, the Code of Conduct of the entire Marsh & McLennan group of companies which mandates creation of a culture that is respectful, collaborative and inclusive.

## **8. CONFLICT OF INTEREST**

The Company recognizes situations where conflict of interest may arise. This is mainly due to the broad client and diverse business offerings that the Company has. As such, it is our mandate to treat the Company's clients in a fair manner by identifying and resolving conflicts in a prompt and expeditious manner. Either real or apparent, conflict of interest must necessarily be identified and resolved with transparency, integrity and expediency. On this basis, the Board is hereby enjoined to comply with Marsh's Conflict of Interest Policy.

Outside directorships and other positions outside the organization are opportunities that come up and before accepting such, any Director is required to obtain prior approval in accord with the Conflict of Interest Policy. The same goes for directorships with publicly traded companies where written approval is required.

## **9. INDEPENDENCE**

The Board shall be composed of at least twenty (20%) independent directors. The purpose is to ensure exercise of independent judgment on corporate affairs and proper oversight of managerial performance. The Board should ensure that an independent director possesses the necessary qualifications and none of the disqualifications. An independent director refers to a person who<sup>11</sup>:

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<sup>11</sup> IC Circular 2020-71



(a) is not or was not a regular director, officer or employee of the covered entity, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;

(b) is not or was not a regular director, officer, or employee of the covered entity's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;

(c) is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the covered entity, or in any of its related companies or of its majority corporate shareholders;

(d) is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the covered entity or any of its related companies or of any of its substantial stockholders;

(e) is not acting as a nominee or representative of any director or substantial shareholder of the covered entity, any of its related companies or any of its substantial shareholders;

(f) is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the covered entity, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;

(g) is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;

(h) was not appointed in the covered entity, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;

(i) is not affiliated with any non-profit organization that receives significant funding from the covered entity or any of its related companies or substantial shareholders; and,

(j) is not employed as an executive officer of another company where any of the covered entity's executives serve as regular directors.

Related company refers to (a) the covered entity's holding/parent company; (b) its subsidiary or affiliate; (c) subsidiaries of its holding/parent company; or (d) a corporation where a covered entity or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.<sup>12</sup>

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<sup>12</sup> Ibid.

Independent directors may only serve for a maximum cumulative term of nine (9) years. After which, the independent director shall not be eligible for re-election in the same company except as a non-independent director.<sup>13</sup>

## 10. BOARD TRAINING

Marsh recognizes that the Members of the Board should be competent on both operational and management. As such, there should be a relevant training program in place to ensure that they are able to deliberate on matters affecting the Company and possess the ability to make sound decisions.

All directors shall undergo an orientation program upon joining the Board. The training shall include, but will not be limited to, a discussion on the fiduciary responsibilities of a director, as well as principles of good governance, Company's structure, Articles of Incorporation, By-laws, its business operations, products and services and relevant rules and regulations such as:

- (a) The Insurance Code of the Philippines;
- (b) Rulings, circulars, issuances of the Insurance Commission (IC) as well as Insurance Commission mandated topics on corporate governance:
  - i. Code of Corporate Governance for Insurance Commission Regulated Companies;
  - ii. Annual Corporate Governance Scorecard and IC Annual Corporate Governance Report;
  - iii. Board Responsibilities;
  - iv. Illegal activities of corporations/ directors/officers;
  - v. Protection of minority shareholders;
  - vi. Liabilities of directors;
  - vii. Confidentiality;
  - viii. Conflict of interest;
  - ix. Related Party Transactions;
  - x. Enterprise Risk management; and,
  - xi. Case studies and Financial Reporting and Audit.
- (c) Anti-Money Laundering law, rules and regulations and issuances of the Anti-Money Laundering Council;
- (d) Data Privacy Act of 2012 including its implementing rules and regulations and issuances of the National Privacy Commission;
- (e) The Corporation Code of the Philippines and relevant issuances of the Securities and Exchange Commission.

There shall also be an annual training program for all directors to be continuously informed of the developments on the business and regulations surrounding it. The annual training program shall also include risks relevant to the business of the company.

The training plan shall be prepared by Legal, Compliance and Public Affairs (LCPA) as approved by the Board.

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<sup>13</sup> Adopting the recommendation in IC Circular 2020-71

## 11. CHAIRMAN OF THE BOARD

The Chairman of the Board is appointed by the Board. The Chairman shall be a non-executive director who shall exercise the following roles and responsibilities:<sup>14</sup>

- a. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assure the availability of proper orientation for first time directors and continuing training opportunities for all directors; and
- f. Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

The Chairman of the Board should not be the chairman of the Audit Committee or of any other committees. Likewise, the Chairman of the Board shall not hold the position of Chief Executive Officer.

## 12. MEETINGS

The Board shall meet on a regular basis in accord with the By-laws of the company subject to notice requirements. However, the Chief Executive Officer may call for a special meeting provided notice requirements under the By-laws are complied with.<sup>15</sup>

To constitute quorum, majority of the Directors should be present. A director may attend at any meeting by teleconference, videoconference or through similar modes of modern communication technology.<sup>16</sup>

## 13. INDEPENDENT PROFESSIONAL ADVICE

For a more efficient discharge of duties and responsibilities, the Board may seek independent professional advice at the Company's own expense. Provided, that such advice shall be transparently, completely and accurately available to all members of the Board.

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<sup>14</sup> IC Circular 2020-71

<sup>15</sup> Company's By-Laws.

<sup>16</sup> Ibid.

## 14. BOARD PERFORMANCE

The Board shall have a formal and rigorous annual evaluation of the Board's own performance including its Committees and individual directors. The Board shall likewise assess and evaluate the performance of the executive directors, the President and Chairman of the Board.<sup>17</sup>

Performance evaluation of the Board, its committees and its individual directors shall be conducted and reported in the annual report.<sup>18</sup>

Performance evaluation of the Chairman shall be made by non-executive directors, led by the senior independent director, taking into account the views of executive directors.<sup>19</sup>

## 15. CHIEF EXECUTIVE OFFICER

The President shall be the Chief Executive Officer (CEO). He/she shall exercise executive management over the business affairs and property of the Company. Likewise, he/she shall exercise the following functions<sup>20</sup>:

- (a) In the absence of the Chairman of the Board, preside at the meetings of the Board and Stockholders; and,
- (b) Initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board.

## 16. CORPORATE SECRETARY

The Board shall elect a Corporate Secretary who shall act as secretary to the Board. The Corporate Secretary should not be a member of the Board. He/she is primarily responsible to the Company and its shareholders and not the Chairman or President of the Company.

He/she shall exercise the following duties and responsibilities<sup>21</sup>:

- a. Safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- b. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- c. Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- d. Advise on the establishment of board committees and their terms of reference;

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<sup>17</sup> IC Circular 31-2005

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> By-laws of the Company.

<sup>21</sup> IC Circular 2020-71

- e. Inform members of the Board, in accordance with the by-laws, of the 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;
- f. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- g. Perform required administrative functions including but not limited to preparation of minutes of meetings of the Board and its resolutions and circulate the same for confirmation;
- h. Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- i. Perform such other duties and responsibilities as may be provided by the Insurance Commission or any other relevant regulatory authority or agency of the government.

The Corporate Secretary shall be required to attend on an annual basis a training on corporate governance.

## **17. BOARD COMMITTEES**

For a more efficient discharge of responsibilities and by virtue of the power to delegate, the Board has established the following committees:

- (a) Risk Management, Audit, Compliance and Corporate Governance Committee
- (d) Nomination and Remuneration Committee

The Board may create committees as they may deem necessary for a more efficient discharge of their duties and responsibilities.

Each of the Committees shall have its own Terms of Reference.

## Annex B

### MATTERS RESERVED TO THE BOARD

#### SCHEDULE February 2021

The Board of Directors of Marsh Philippines, Inc. is responsible for the overall success of the company. While it respects the functions of its executive officers and employees, there are matters which are reserved to the Board for a more holistic approach in overseeing the business and affairs of the company. As such, this schedule, subject to policies of the Group office, shall serve as a list of matters reserved to the Board. This may be amended from time to time. Last, this schedule shall not override any provision of the law or rules and regulations issued by different regulatory bodies.

#### **I. GOVERNANCE, STRATEGY and CONTROLS**

The direction and control of the company is left to the discretion of the Board. While operational matters are left to the discretion of the executive officers and employees, overseeing the business and affairs of the company and its general strategic direction on which operations relies is left to the discretion of the Board. As such, the following are matters reserved to the Board, subject to rules and regulations of Marsh globals:

- (1) Review and approval of directions, objectives strategies, corporate action plans, major initiatives.
- (2) Provide leadership and set values of the company.
- (3) Enforcement and implementation of the Board Charter.
- (4) Creation of Board Committees, including adoption of terms of reference relevant to the thereto.
- (5) Appointment of members to the Committee.
- (6) Delegation of authority.
- (7) Appraisal of performance by the Board including individual performance of its members.
- (8) Monitor business strategy.
- (9) Approve regulatory filings, whenever necessary.
- (10) Approve internal controls and policies related to risk management and procedures.
- (11) Approve Anti Money Laundering and Terrorist Financing Prevention Program.
- (12) Approve Risk Management Statements.

#### **II. FINANCIAL REPORTING**

- (1) Approve accounting policies and practices.
- (2) Monitor performance of the company through receipt of regular reports from management.
- (3) Approve interim and annual reports.
- (4) Review financial condition of the Company.
- (5) Approve cash dividends.

#### **III. SHAREHOLDER APPROVAL**

- (1) Convene stockholders' meetings.

- (2) Nominate directors for election and re-election.
- (3) Recommend appointment of external auditors.

## **Terms of Reference Board Risk Management, Audit, Compliance, Corporate Governance Committee**

Marsh Philippines Inc. (“Marsh”) is committed towards ensuring that it adheres to the highest standards of corporate governance while achieving its strategic business objectives. As a regulated entity vested with certain fiduciary responsibilities, Board is required to exercise governance and oversight duties in relation to establishment and maintenance of controls within the organization. Given this, the Risk Management, Audit, Compliance and Corporate Governance Committee is hereby constituted.

### **I. PURPOSE**

The Risk Management, Audit, Compliance and Corporate Governance Committee (“Committee”) will assist the Board in the governance and oversight responsibilities in relation to ensuring that controls, both from a business and regulatory standpoint, are in place. Specifically, the Committee will assist the Board in ensuring that it has the appropriate internal control and risk management framework and that corporate governance is in place.

### **II. AUTHORITY**

The Committee derives its authority from the Board of Directors of Marsh Philippines, Inc. It is a committee of the Board exercising its duties by virtue of delegated authority. In the discharge of duties and responsibilities, the Committee shall in no way modify, amend, reduce or increase the responsibility of the Board under existing legislation, rules and regulations.

The Committee possesses the following authority:

- (1) Subject to approval of the Board, engage external consultants and advisers.
- (2) Require employees, consultants, third parties to provide relevant information it needs in the exercise of its duties and responsibilities.
- (3) Approve matters relating to the discharge of their duties and responsibilities but subject to confirmation of the Board.

### **III. DUTIES AND RESPONSIBILITIES**

The Committee shall exercise the following governance and oversight duties and responsibilities:

- (1) Report to the Board on a regular basis each of the following matters as it may deem appropriate:
  - a. Risk Management and internal controls framework
  - b. Compliance Framework
  - c. Auditors’ report, either external or internal
  - d. Complaints management
  - e. Fraud



- f. Monitoring activities
- g. Operational failures
- h. Legal actions
- i. Compliance and regulatory updates
- j. Corporate Governance

(2) Review the matters that it reports to the Board and form opinions on its effectiveness. In the course thereof, it may approve policies and procedures for a more effective risk management framework and compliance to existing regulations.

(3) Approve policies and procedures for a more effective corporate governance structure.

(4) Recommend for approval of the Board audit reports.

#### **IV. COMPOSITION**

The Committee shall be composed of four (4) members of the Board. The Board shall appoint the members of the Committee, one of whom should be an independent director.

The members of the Committee shall elect a Chairperson. In no case shall the Chairman of the Board be elected as the Committee Chairperson.

The Chairperson shall preside the meetings of the Committee who may appoint a deputy from among the other Committee Members. The Chairperson shall have no casting vote.

The Committee shall appoint the In-country Head of Legal, Compliance and Public Affairs Head (“LCPA Head”) as the Committee Secretary (“Secretary”). The Secretary shall act as secretary to the Committee and attend all meetings. He/she shall record the proceedings and decisions. Minutes of the meeting shall be circulated to all members and attendees and when confirmed, shall send the same to the Corporate Secretary.

The appointment shall be for a period of one year unless earlier revoked by the Board.

#### **V. MEETINGS**

The Committee shall meet on a quarterly basis unless there are matters that will require them to schedule a special meeting. Minutes of the meeting shall be sent to the Corporate Secretary for appropriate action of the Board, when required.

The Chairperson shall call the meetings.

No meeting shall be duly convened unless there is quorum. Quorum shall mean a total of three (3) members should be present during the meeting. Quorum is required before the Committee is able to exercise any and all of the authorities, powers and discretions which the Board has delegated to them.

The members of the Committee may attend any meeting in-person or virtually.

The Committee shall have the right to require any officer, employee, third party to attend the meeting on any manner related to the exercise of its duties and responsibilities.

## **VI. REPORTING AND GOVERNANCE**

The Committee shall conduct a self-assessment of its activities on an annual basis, results of which shall be submitted to the Board.

## **VII. REVIEW**

The Committee shall review the Terms of Reference on an annual basis and shall make recommendations to the Board on any changes it deems appropriate.

## **Terms of Reference of Nomination and Remuneration Committee**

Marsh Philippines Inc. (“Marsh”) is committed towards ensuring that it adheres to the highest standards of corporate governance while achieving its strategic business objectives. Part of ensuring this is having a competent Board with proven competence and integrity to discharge their duties as such. Further, as continuity of the company’s success lies on the Board, their motivation and retention are important and to ensure that a framework is put in place and policies and procedures related thereto are implemented, the Board Nomination and Remuneration Committee is hereby constituted.

### **I. PURPOSE**

The Nomination and Remuneration Committee (“Committee”) will assist the Board in the governance and oversight responsibilities in relation to the selection and nomination of the members of the Board, as well as determine the appropriate framework for the remuneration of the members of the Board, subject to internal rules, policies and guidelines of Marsh. Specifically, the Committee will assist the Board in ensuring that it has the appropriate size, structure and balance while promoting equality, fairness, inclusion and diversity.

### **II. AUTHORITY**

The Board Nomination and Remuneration Committee derives its authority from the Board of Directors of Marsh Philippines, Inc. It is a committee of the Board exercising its duties by virtue of delegated authority. In the discharge of duties and responsibilities, the Committee shall in no way modify, amend, reduce or increase the responsibility of the Board under existing legislation, rules and regulations

The Committee possesses the following authority:

- (1) Subject to approval of the Board, engage external consultants and advisers.
- (2) Require employees, consultants, third parties to provide relevant information it needs in the exercise of its duties and responsibilities.
- (3) Approve matters relating to the discharge of their duties and responsibilities in so far as nomination and selection is concerned. In the exercise of duties relating to remuneration, the Committee shall not have the authority to decide. The Committee shall merely recommend the same for approval of the Board.

### **III. DUTIES AND RESPONSIBILITIES**

The Committee shall exercise the following governance and oversight duties and responsibilities:

- (1) Design and implement a framework for identifying, evaluating and recommending non-executive directors to the Board that will ensure appropriate mix of skills, experience and expertise. The Committee shall also ensure diversity and inclusion in the design and implementation of said framework.

- (2) Design and implement a framework for the study, evaluation and implementation of a fair, just and competitive remuneration of the directors to ensure that the structure remains attractive and as well as promote retention, motivation and high performance.
- (3) Design and implement a framework for selection, engagement, and appointment of senior officers and/or company executives.
- (4) Regularly report to the Board all matters that the Committee has taken up during its meetings.
- (5) Ensure that there is a formal and structured approach towards the selection and recommendation to the Board of its new members;
- (6) Recommend to the Board the appointment of members of the Board;
- (7) Review on a periodic basis the structure and fee level of non-executive directors;
- (8) Ensure and implement a process for on-boarding of new directors;
- (9) Put in place a formal succession plan for the Board;
- (10) Establish a framework for performance appraisal of the members of the Board.

#### **IV. COMPOSITION**

The Committee shall be composed of four (4) members of the Board. The Board shall appoint the members of the Committee, one of whom should be an independent director.

The members of the Committee shall elect a Chairperson. In no case shall the Chairman of the Board be elected as the Committee Chairperson.

The Chairperson shall preside the meetings of the Committee who may appoint a deputy from among the other Committee Members. The Chairperson shall have no casting vote.

The Committee shall appoint a Committee Secretary (“Secretary”). The Secretary shall act as secretary to the Committee and attend all meetings. He/she shall record the proceedings and decisions. Minutes of the meeting shall be circulated to all members and attendees and when confirmed, shall send the same to the Corporate Secretary.

The appointment shall be for a period of one year unless earlier revoked by the Board.

#### **V. MEETINGS**

The Committee shall meet on an annual basis unless there are matters that will require them to schedule a special meeting. Minutes of the meeting shall be sent to the Corporate Secretary for appropriate action of the Board, when required.

The Chairperson shall call the meetings.

No meeting shall be duly convened unless there is quorum. Quorum shall mean a total of three (3) members should be present during the meeting. Quorum is required before the Committee is able to exercise any and all of the authorities, powers and discretions which the Board has delegated to them.

The members of the Committee may attend any meeting in-person or virtually.

The Committee shall have the right to require any officer, employee, third party to attend the meeting on any manner related to the exercise of its duties and responsibilities.

## **VI. REPORTING AND GOVERNANCE**

The Committee shall conduct a self-assessment of its activities on an annual basis, results of which shall be submitted to the Board.

## **VII. REVIEW**

The Committee shall review the Terms of Reference on an annual basis and shall make recommendations to the Board on any changes it deems appropriate.