



TOKIO MARINE
INSURANCE GROUP

2014 GOOD CORPORATE GOVERNANCE

1. Good Corporate Governance

PT Tokio Marine Life Insurance Indonesia (“TMLI”) believes that the implementation of Good Corporate Governance (GCG) highest standard and values are the main requirements to achieve maximum business results that will be beneficial not only for TMLI but all stakeholders especially our customers.

1.1. General Principles of Good Corporate Governance (GCG) Implementation at TMLI In accordance with all legislation related to TMLI’s business and GCG best practices, the implementation of GCG at TMLI follows the following principles:

- a. Transparency
TMLI applies this principle through disclosure of information to all stakeholders according to their respective interest in TMLI’s business in accordance with prevailing regulations, AAJI rules, and its own initiatives.
- b. Accountability
As part of its accountability, TMLI’s Directors regularly provide an operational report which is reviewed by the Board of Commissioners as well as a financial report (audited by an Independent Public Accountant) to the Shareholders through a General Meeting of Shareholders (GMS) for approval and ratification.
- c. Responsibility
TMLI commits to the highest standard in complying with each prevailing regulation. Through corporate social responsibilities programs, TMLI directly offers development activities for communities, especially in the areas of education, health, natural disaster and social actions.
- d. Independence
The Board of Commissioners and Directors of TMLI always maintain independence in any decision taken. TMLI also has an Independent Commissioner who has a duty to supervise the BOD and ensure independence.
- e. Fairness
Relations with employees, customers, financial institutions and the Life Insurance industry as a whole are conducted in a fair and reasonable manner in accordance with its rights and obligations and the prevailing legislation.

1.2. GCG Implementation and GCG Self Assessment Checklist

Referring to POJK 2/POJK.05/2014 regarding Good Corporate Governance, all insurance companies are required to prepare a report on implementation of GCG together with self-assessment for the said implementation and actively disclose the progress of the implementation of Good Corporate Governance and any problems encountered. TMLI has prepared the GCG implementation report and conducted its self-assessment for the period of 2014 which has been sent to the Financial Service Authority (OJK) on 2 March 2015.

2. Shareholders

TMLI has conducted 1 (one) Annual GMS on 4 April 2014. Aside from that, as stipulated in the Company Articles of Association, the TMLI Shareholders also have the right to take legitimate decision without conducting a GMS (through circular resolution). During 2014, TMLI has 8 circular resolutions taken by Shareholders during 2014 regarding share transfer, appointment and resignation of BOD and/or BOC member, capital injection, and amendment of Articles of Association.

According to Deed No. 89 dated 13 June 2014, made before Notary Jimmy Tanal, SH., M.Kn. a substitute notary of Hasbullah Abdul Rasyid, SH., M.Kn., a notary in Jakarta, the recent composition of shareholders are as follows:

Shareholder Name	Paid up capital (IDR)	% Ownership
Multi Artha Aman	42,447,904,000	3.8%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,074,791,613,000	96.2%
Total	1,117,239,517,000	100%

3. Board of Commissioners

3.1. Work Process

The Board of Commissioners actively oversees the effectiveness of GCG implementation by the Directors and provides recommendations for necessary improvement. Each member of the Board of Commissioners conducts his/her oversight duties independently and can make decisions via BOC meetings or by circular resolution specimen.

3.2. Membership and Composition

According to Deed No. 40 dated 12 January 2015, made before Notary Jimmy Tanal, SH., M.Kn. a substitute notary of Hasbullah Abdul Rasyid, SH., M.Kn., a notary in Jakarta, the recent composition of TMLI Board of Commissioners, effective as of 19 December 2014 consists of 4 (four) members, as follows:

Name	Position
Hideyuki Ishii	President Commissioner
Futoshi Nishizawa	Commissioner
Abdul Wahab Ismed	Commissioner
Suryani SF Motik	Independent Commissioner

3.3. Meetings

In 2014, the BOC meeting requirement is (referring to the Ministry of Finance Decree no 152/PMK.010/2012) to have meeting at least 6 (six) times a year, such regulation was complimented by OJK regulation no 2/POJK.05/2014 which requires BOC to have meetings at least once a month, effective October 2014. Therefore, during 2014, the Board of Commissioners had 7 (seven) meetings, which were conducted on:

Meeting Dates	% Attendance
30 Jan	100%
27 Mar	80%

2 Jun	100%
8 Aug	83%
10 Oct	100%
17 Nov	100%
11 Dec	83%

3.4. Board of Commissioners' Committees

To assist the effectiveness of the Board of Commissioners oversight functions, TMLI has supporting committees who will work collectively, as follows:

- **Audit Committee**

The Audit Committee shall be responsible for making review of the financial statement of the company, including comprehensiveness and reasonability of report; reviewing the internal controls of the company, reviewing the performance of internal and external audit.

The membership of the committee is: Independent Commissioner (as the chairman), and 2 (two) other Commissioners. During 2014, the audit committee had 4(four) meetings which were conducted on Mar 27th, June 2nd, Aug 8th, and Dec 11th.

The working program of the committee is to supervise the fairness of the company financial statement, the effectiveness of internal controls and performance of internal and external auditor. During 2014 are below are some of Audit Committee activities :

1. Held meeting with Public Accountant Office Ernst and Young ("EY") to discuss the final result of company's financial statement
2. Evaluated and approved the proposal on re-appointment of EY as external auditor
3. Held meetings with Internal audit Department (4 times) to agree upon annual audit planning, evaluation of internal audit, analyze audit report and follow-up

- **Risk Management Committee**

The Risk Management Committee shall be responsible for:

- Assisting the Board of Commissioners in monitoring the implementation of risk management in TMLI and evaluating the effectiveness of the risk management process to ensure that the implementation is within the tolerance of the company;
- Maintaining the strong and effective risk management process according to nature, scale and complexity of business of the company, to maintain the interests of the company's shareholders and the interests of customers;
- Reviewing and evaluating risk identification findings annually;
- Measuring and rating the various risk categories, indicating and evaluating the impact of the Company's resources annually;
- Monitoring the risk position of the company continuously;
- Reviewing and evaluating the company's risk (for reporting to the regulator);

- Making periodic reviews to the Risk Management Policies and giving recommendation to the board of commissioners for policy changes and approval.

The membership of the committee is: Independent Commissioner (as the chairman), one member of commissioner, a member of BOD, Head of Corporate Planning & Risk Management, COO, CFO/Financial Controller, Corporate Actuary, Head of Investment, Head of Life Risk Management from TM Asia. During 2014, the risk management committee had 2(two) meetings which were conducted on Oct 10th, and Nov 17th.

The working programs of the Risk Management committee::

1. Review Product Pricing policy;
2. Prepare draft on the provisions of BCP (Business Continuity Plan);
3. Complete the Call Tree procedures, along with socialization to all employees, and call tree simulation;
4. Complete Control Standard Assessment (standard control assessment applied to all group companies under Tokio Marine Asia);
5. Embed risk management culture in all employees through socialization in the induction training;
6. Training on risk management for each head/deputy head of department;
7. Review Top 3 risks of each department, and make recommendation on risk mitigation;
8. Review incident reports and make risk mitigation recommendation.

Below are some of risk management activities:

- 1) Establish, review and update risk management policy and procedure
 - a. Risk Management Policy - Effective Jan 2014
TMLI Risk Management Policy describes the approach to risk management, standards for risk management and internal controls to identify, measure, monitor and control risks faced by the company.
 - b. Risk Appetite - Effective Jan 2014
Risk Appetite defines the overall risk framework and establishes the company's acceptable level of risk during the value creation process. Company classifies overall risk appetite and specific risk type based on risk characteristics.
 - c. New Product Development Policy – Effective July 2014
The Product Development and Pricing Policy was developed considering the interests of policyholders, fair compensation for distribution channels, long term profit for the company and took into account other factors including the company's risk profile and business strategy.
 - d. Emergency Call Tree Policy – Effective Aug 2014
As part of the Business Continuity Management, the company has issued policies for an Emergency Call Tree to ensure the safety of all employees and to deliver information or instruction in a crisis or an emergency situation

The company will continue to complete and update its policies and processes in line with the organization's growth and changes in laws and regulations.

2) Continue to perform and enhance risk monitoring and measurement process

a) Risk Management in New Product Development

The purpose of the Product Development and Pricing Policy is to establish a structured process and discipline in new product development including pricing and ensure that senior management are aware of any risks associated with the product as well as the sensitivity of the product to various factors (e.g. mortality, morbidity, lapses, interest rates, equity returns, and others)

Risk Management Department are actively involved in the product development process to ensure products maximize stakeholders' value

b) Control Standard Assessment – Annual Basis

One of the mandatory risk management initiatives required of a subsidiary of Tokio Marine Group is Control Standard Assessment (CSA). CSA is a risk management tool that provides a framework for companies to review and assess the operational framework and governance to ensure adequate controls and processes are in place to support the business goals. TMLI regularly executes a Control Standard Assessment (CSA) and monitors its implementation.

c) Risk Based Supervision

In accordance with POJK No.10 / 2014 on Risk Assessment for Non-Bank Financial Institutions, Non-Bank Financial Institutions are required to assess their own risk, TMLI has been preparing this assessment

The risk assessment report has been submitted at the end of February 2015 (according to the schedule set forth in the regulation).

3) Embed risk management culture in all TMLI's employees through socialization and training

The successful implementation of Enterprise Risk Management must be supported by organizational culture and a good understanding by all parties in the company. All TMLI's employees are expected to understand the concept and implementation of risk management. A common understanding is important to support the sustainability of risk management implementation.

The company has introduced risk management since employees' first day at the company. In the Induction Training Program, employees are given a basic understanding of the concepts, processes and implementation of risk management.

As a further action, the company provided an advanced training of Enterprise Risk Management for mid and top level management in Aug 2014

- 4) Top 3 (three) risk review and reporting was conducted and reported to the Risk Management Committee Meeting in October 2014
- 5) Review incident report are completed on adhoc basis

4. Board of Directors

4.1. Work Process

- The Board of Directors is fully responsible for implementing the approved strategy, business plan and budget, running the company's operation properly and managing internal controls and risk management effectively.
- The Board of Directors reserves the right to manage and maintain the company's operation collegially in accordance with its purposes and objectives based on the provisions of the articles of association.
- Each member of the Board of Directors shall carry out duties and make decisions independently and professionally in accordance with his duties and responsibilities.
- The position of each member of the Board of Directors, including the President Director, is equal. The President Director's duty as primus inter pares is to coordinate the activities of the Board of Directors.

4.2. Membership and composition

According to Deed No. 89 dated 13 June 2014, made before Notary Jimmy Tanal, SH., M.Kn. a substitute notary of Hasbullah Abdul Rasyid, SH., M.Kn., a notary in Jakarta, the composition of TMLI's Board of Directors is as follows:

Name	Position
David John Beynon	President Director
Edy Purwanto	Vice President Director
Takayuki Nakazato	Director
Fachrizal Oktavianus	Director

4.3. Board of Directors Meeting

Board of Directors is required to have meeting at least once in a month. During 2014, Board of Directors had 12 (twelve) meetings, which were conducted on:

Meeting Dates	% Attendance
21 Jan	100%
18 Feb	100%
18 Mar	100%
11 Apr	100%
16 May	100%
17 Jun	100%
14 Jul	100%
25 Aug	100%
16 Sep	100%
17 Oct	100%
12 Nov	100%
9 Dec	100%

4.4. Supporting Committees under the BOD

To assist the effectiveness of its responsibilities, the BOD has the following committees:

- Investment Committee

Tasks and responsibilities of Investment Committee:

1. Giving approval over the establishment or change of policy and investment guidelines
2. Giving guidelines and direction for the company's investment policy
3. Establishing strategic asset allocation

The membership of the committee is: Director in charge of the Investment department (chairman), all Directors, Corporate Actuary, Head of Investment, Investment Manager from TMA, Financial Controller. During 2014, the investment committee had 3(three) meetings which were conducted on Feb 28th, Jun 10th and Sep 10th.

- Product Development Committee

Tasks and responsibilities of Product Development Committee:

1. Establishing the direction of company's policy in the case of product management, portfolio composition, type of products, and product strategy.
2. Facilitating the discussion between the Distribution Division and the other departments in relation to product policy.
3. Evaluation and making decisions based on business proposal from Distribution Division, product development process, product risks, investment support over the product etc.

The membership of the committee is: President Director (as the chairman), one Director, Head of Product Development, CMO, Head of IT Planning, Corporate Actuary, COO, Deputy COO, Head of Legal, Compliance and Corporate Secretary, Head of Investment, CFO, CAO, CDO, Head of Bancassurance, Head of Corporate Planning and Risk Management. During 2014, the product development committee had 7(seven) meetings which were conducted on Jan 29th, Feb 20th, Mar 7th , Apr 10th, Jul 1st, Oct 13th, and Dec 15th.

- IT Steering Committee

Tasks and responsibilities of the IT Steering Committee:

1. Review and approve core IT Procedures and Guidelines such as the IT Security Policies and Procedures, and the IT Disaster Recovery Plan
2. Monitoring its compliance with the Guidelines.
3. To oversee the development of IT Infrastructure and Systems.
4. Review and approve all IT Strategic Plans of the company (including budget).
5. To assist the BOD in managing the IT functions, IT Human Resource, and the development of IT Infrastructure and Systems and oversee major IT Projects.

The membership of the committee is: Chief Operations Officer (as the chairman), one Director, Head of IT, Head of Business Process Planning, CIO – TM Asia, Business Process Manager – TM Asia, Assistant Manager of ITBP – TM Asia, Advisers, Head of Product Development. During 2014, the IT steering committee had 6(six) meetings which were conducted on Feb 25th, Apr 25th , Jul 4th, Aug 25th ,Oct 28th , and Dec 10th.

- Management Committee

Tasks and responsibilities of the Management Committee is to discuss, assess and evaluate all issues raised in the areas of:

1. Significant matters related to management;
2. Matters related to business plan, business overview;
3. Matters related to Internal Control Standard and other related guidelines;
4. Matters related to Accounting;
5. Matters related to Administration;
6. Matters related to Compliance, Regulator and Regulation;

The membership of the committee is: President Director (chairman), all Directors, COO, Deputy COO, CMO, CAO, Corporate Actuary, Head of Human Resource, Head of Legal, Compliance and Corporate Secretary, Head of IT Planning, Head of Investment, Head of Group Business, Head of Bancassurance, Head of Corporate Planning and Risk Management, Financial Controller. During 2014, the management committee had 12 (twelve) meetings which were conducted on Jan 21st, Feb 18th, Mar 17th, Apr 11th, May 16th, Jun 17th, Jul 14th, Aug 25th, Sep 15th, Oct 17th, Nov 12th, and Dec 9th.

- AML/ATF committee

Tasks and responsibilities of AML/ATF Committee:

1. Establishing and reviewing Anti Money Laundering and Anti Terrorist Financing Policy and its implementing procedures (hereinafter "Policy").
2. Monitoring Company's compliance with the Guidelines.
3. Socializing to related staff and agents regarding the importance of AML/ATF including Know Your Customer (KYC).
4. Analyze and evaluate the AML/ATF report from related departments and discuss result from PEP screening through the system.
5. Liaise with PPATK regarding Suspicious Transaction Report; Cash Transaction Report, and other reporting as requested by regulator.
6. Update issues on Anti Money Laundering and Anti-Terrorist Financing review
7. Report suspicious transactions in accordance with Company Policy and Government Regulation

The membership of the committee is: COO (chairman), 2 members of Directors, Deputy COO, Head of Legal, Compliance and Corporate Secretary, AML Officer. During 2014, the AML/ATF committee had 4(four) meetings which were conducted on Jan 20th, Feb 6th, Mar 8th, and Aug 21st.

5. Syariah Supervisory Board

TMLI Syariah Supervisory Board consists of 3(three) members, in respect of such appointment has been approved by the National Syariah Board (Dewan Syariah Nasional - DSN) of Majelis Ulama Indonesia through the Decree No.U-008/DSN-MUI/II/2001 dated 21 February 2001, regarding the Recommendation of the Syariah Supervisory Board and recorded on Deed No.10 dated 22 October 2009 made before Benny Lesmana, SH., MM, with the following details:

Name	Position
Prof. DR. H. Amin Suma, SH. MA	Chairman
Drs. H. Amidhan	Member
Drs. H. Nahar Nahrowi, SH	Member