“We at Sun Life Grepa continue to be inspired by the dreams being built by our Filipino brothers and sisters; so it has become our duty to help protect and secure these dreams.” - Richard Lim, President of Sun Life Grepa Financial, Inc.
OUR VISION

Sun Life Grepa Financial, Inc. is a provider of financial solutions that are innovative, market responsive and with great value.

OUR MISSION

Our business is to provide solutions.

We will delight our customers by offering an integrated product suite, satisfying their insurance and investment needs.

We will recruit, nurture, retain, and empower sales associates and employees who are recognized and rewarded for professionalism, excellence, and innovation.

We will increase value for our shareholders by consistently meeting all targets through good governance and the adoption of best practices.

We will educate the Filipino public on the importance of financial preparedness and diversity in relation to their investments portfolio.

2016 STRATEGIC GOALS

- Increase the reach of our distribution channels and supporting the capabilities of our salesforce in order to reach more customers in the country.
- Promote financial literacy via Money for Life to match the changing financial needs of our customers.
- Strengthen the business to ensure long-term sustainability.
ABOUT THE COMPANY

SUN LIFE GREPA FINANCIAL, INC.

Sun Life Grepa Financial, Inc. (Sun Life Grepa) is a joint venture company born out of the cooperation between GPL Holdings, Inc. (a member of the Yuchengco Group of Companies) and Sun Life Financial Philippine Holding Company, Inc. (a member of the Sun Life Financial Group).

A product of the union of distinct brands with their own strengths and global recognition, Sun Life Grepa ranks among the top 10 players of the life insurance industry in the country.

The Company traces its roots to Great Pacific Life Assurance Corporation (Grepalife), which was the flagship life insurance firm of YGC. Established in 1954, it has evolved to be one of the industry’s leaders, with its daring innovations that have now become industry standards. Grepalife was the first local insurance firm to pioneer life insurance installment payments and group credit, among others. It also introduced the salary savings/salary deduction plan which allowed public servants and ordinary employees to pay for their policies. Carrying its original mandate to bring the benefits of life insurance to those who needed it most—the marginal income earner—Grepalife found greater ways to give more Filipinos access to life insurance. With the joint venture in 2011, Grepalife became Sun Life Grepa.

Under the joint venture, Sun Life Grepa owns 51% of Grepalife Realty Holdings Corporation, 100% of Grepalife Asset Management Corporation, and 100% of Great Life Financial Assurance Corporation. Grepalife Asset Management Corporation manages the following Grepalife Mutual Funds: Grepalife Fixed Income Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Dollar Bond Fund Corporation.

YUCHENGCO GROUP OF COMPANIES (YGC)

In the course of a century, YGC has grown into one of Southeast Asia’s largest and most diversified conglomerates, encompassing more than 50 companies with business interests in banking, insurance, automotive dealership, construction and engineering, education, travel services, information technology, arts and culture, advertising and marketing services.

SUN LIFE FINANCIAL PHILIPPINES

Sun Life Financial has been in the Philippines for over 120 years and continues to be at the top of the industry despite the increasingly competitive landscape. As the company sustains its leadership in the country, it has put a lot of effort into growing its distribution network to help even more Filipinos achieve lifetime financial security.

Sun Life Financial Philippines is a member of the Sun Life Financial group of companies, a leading international financial services organization providing a diverse range of protection and wealth products and services to individuals and corporate customers. Sun Life Financial and its partners have operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda. For more information please visit www.sunlife.com.
OWNERSHIP STRUCTURE
Let me give my utmost appreciation for the perseverance of Sun Life Grepa in securing the financial future of more Filipino families. We have shown the power of our collective cooperation in our continuing commitment to serve others.

The year was also a milestone as we marked the 5th year of the joint venture born of the partnership between Sun Life and the Yuchengco Group of Companies. Our journey through the last few years was marked by notable achievements, including increased reach nationwide in terms of product, service, and benefits delivered. Such accomplishments are testament to our drive to build better ways of doing business.

The market continues to move forward and so we shall also continue with our way of doing excellent business. Our portfolio of customer-centric financial protection, savings and investment products will continue to evolve in line with the changing financial protection needs of our customers. By keeping abreast with the market’s changing needs and behaviour, we will be able to widen our reach and grow the business even further. Let us continue to strengthen our relationships with our various stakeholder groups and work even harder to deliver on our commitment of helping to provide a better, more secure financial future to more Filipino families everywhere.

Thank you for your continued belief and support.

Helen Y. Dee
At Sun Life Grepa Financial Inc., 2016 was a momentous year as we marked the 5th year of joint venture born of the partnership between Sun Life and the Yuchengco Group of Companies. A key highlight in this milestone year was introducing the Money for Life program across the country where we empowered people to plan their finances at every stage of their life. We also celebrated our other 5th year achievements, including serving over 900,000 Filipinos, paying out over P5.8B in insurance-related benefits and exceeding the first cumulative bancassurance plan with our bank partner RCBC by 27% in the last 5 years.

Moving into 2017, prospects are even brighter as we continue to build a future anchored on our company’s strong foundation of values. These values of service excellence, teamwork, and forward-thinking innovation will bring us closer to our goal to be one of the top 5 insurance companies in the country in the next 5 years. It also keeps us in sync with the goal we share with Sun Life Philippines to reach five million lives in the next 5 years in the RISEPH vision.

Best of all, as we build a future where more Filipinos realize their goals and dreams, we also remain committed to providing our service with the wholehearted “Passion for Life” that Sun Life Grepa stands for.

We look forward to strengthening our partnership with you, our valued Policyholders, as you continue your journey towards financial freedom. You can be assured that we will be there with you every step of the way.

Richard S. Lim
BOARD OF DIRECTORS

HELEN Y. DEE | Chairman of the Board, Director

Mrs. Dee, 72 years old, is currently the Chairman of Sun Life Grepa Financial, Inc. where she is a Director since 2007. She is also the Chairman of the House of Investments (2001 to present); Mapua Information Technology (2002 to present); HI-Eisai Pharmaceuticals, Inc. (2001 to present); Landev Corporation (2001 to present); Manila Memorial Park Cemetery, Inc. (2001 to present); Rizal Commercial Banking Corporation (2007 to present); Pan Malayan Realty Corporation (2007 to present); Mijo Holdings (2007 to present); Malayan Insurance Company (2008 to present); Xamdu Motors (2009 to present); National Reinsurance Corporation of the Philippines (2010 to present); Seafront Resources Corporation (Chairman, 2011 to present); PetroWind Energy, Inc. (Chairman, 2013); Hydee Management & Resources Inc. (1978 to present); Tameena Resources Inc. (1997 to present); Petro Energy Corporation (2011 to present); RCBC Savings Bank (2007 to present); RCBC Leasing & Finance Corporation (2012 to present) and La Funeraria Paz Sucat Inc., (2007 to present). She is also the Vice Chairman of West Spring Dev. Corporation (2011 to present).

She also serves as a Director of MICO Equities Inc. (2002 to present); Philippine Long Distance Telephone Company (1986 to present); Ipeople, Inc. (2014 to present); EEI Corporation (2006 to present); Vice Chairman and Director of Pan Malayan Management & Investment Corporation (2005 to present); Luisita Industrial Park Corporation (2007 to present); AY Holdings, Inc. (2007 to present); RCBC Realty Corporation (2007 to present); Honda Cars Philippines, Inc. (2006 to present); Isuzu Philippines, Inc. (2006 to present); Pan Malayan Express (2007 to present); Y Realty, Inc. (2014 to present); Philippine Integrated Advertising Agency, Inc. (2011 to present); and Luis Miguel Foods, (2004 to present).

She is currently the President of Moira Management (President, 1995 to present); YGC Corporate Services (2003 to present); GPL Holdings (2007 to present); and Vice President of A.T. Yuchengco, Inc. (2008 to present).

She is also active in other non-profit and non-government organizations including serving as Vice President and Director of nth Millennium Foundation of the Philippines (2005 to present), and Treasurer of the Philippine Harmonic Society (2002 to present). She is also a member of the Board of Trustees of MAPUA (2005 to present); Philippine Insurers Club (1966 to present); Philippine Business for Education, Inc. (2012 to present); Malayan Colleges Laguna, Inc. (2014 to present); Malayan High School of Science, Inc. (Chairperson, 2014 to present); Asean Insurance Council (1985 to present).

Mrs. Dee holds a Bachelor of Science degree in Commerce, Major in Business Administration from Assumption College and a Masters of Business Administration degree from De La Salle University.

JOSE ISIDRO N. CAMACHO | Independent Director

Mr. Jose Isidro N. Camacho, 61 years old, is currently an independent director of Sun Life Grepa Financial, Inc. He is also an independent director and non-executive Chairman of the Board of Sun Life of Canada (Philippines), Inc. (2009 to present). Mr. Camacho is also a board member of Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad (2013 to present). Presently, he is the Managing Director of Credit Suisse, based in Singapore and also the Vice Chairman for Asia Pacific.

He has a long and distinguished career in government and international banking, including his roles as Secretary of Energy and Secretary of Finance for the Philippines from 2001 to 2003. Prior to joining the government, Mr. Camacho was Managing Director and Chief Country Officer for the Philippines at Deutsche Bank, AG in Manila. Mr. Camacho began his career at Bankers Trust where he worked for 20 years in various positions in New York, Japan, Hong Kong, the Philippines and in Singapore.

Mr. Camacho graduated cum laude with a bachelor’s degree in mathematics from De La Salle University and received his MBA with a concentration in finance from the Harvard Business School. On February 2017, Mr. Camacho was awarded an Honorary Degree of Doctor of Business Administration from Eastern Asia University, Thailand.
Ms. Michele Marie Y. Dee, 49 years old, serves as Executive Vice President of AY Foundation, Inc., Chairperson and President of Luis Miguel Foods, Inc., and President of Sandee Unlimited Inc., Pan Malayan Management & Investment Corporation and MJ888 Corporation, respectively. She also serves as Director of Malayan Insurance Co., Inc., First Nationwide Assurance Corporation, Pan Malayan Express, Inc., RCBC Savings Bank, Malayan Securities, and RADD Technologies and Innovations, Inc., and is Treasurer of MICO Equities, Inc., Yuchengco Museum, Inc. She is now a Director and Treasurer of Philippine Integrated Advertising Agency. Ms. Dee is also Consultant of the Customer Engagement Division, Retail Banking Group of Rizal Commercial Banking Corporation. She started her career as a Staff Operations Manager of American Express Bank in New York City, and later Treasurer of Dive Elite International, Inc. She was formerly Senior Vice President, Customer Engagement Division, Retail Banking Group of Rizal Commercial Banking Corporation. Ms. Dee obtained a B.A. International Business from Marymount College in New York, U.S.A.

Mr. Eizmendi, Jr. Ph.D., 81 years old, Filipino, is currently an Independent Director of Sun Life Grepa Financial, Inc., Great Life Financial Assurance Corporation, and Makati Finance. He is also a Chairman of Dearborn Motors Corporation Inc. and a Member Board of Advisers of East West Seed Company.

He served as President and Chief Operating Officer of San Miguel (1987 to 2002); an Independent Director for RCBC Forex; RCBC and Bankard, Inc. He served as Trustee at the Institute of Corporate Directors.

His other interests include active memberships with the Management Association of the Philippines, the Harvard Business School Association of the Philippines and the International Management Institute, Philippine Chapter. He graduated from the University of Sto. Tomas with a Bachelor of Science Degree in Chemical Engineering.
Mr. Richard Lim, 51 years old, is the President of Sun Life Grepap Financial, Inc., Great Life Financial Assurance Corporation, and Grepalife Asset Management Corporation.

Mr. Lim joined Sun Life in 1990 as Operations Supervisor at the Sun Life Asia Pacific Information Systems Department, rapidly climbing the ranks until he became Director, Computing Services in 1999, then Director, Individual Insurance and Wealth Accumulation Systems. He transferred to the Philippine operations and, in 2006, he was appointed Vice President, Information Technology. He was seconded to PT. Sun Life Indonesia Services from 2006 to 2011. While in Indonesia, Mr. Lim and his teams were nominated and received several awards in the prestigious Sun Life Financial CEO’s Excellence Awards.

Upon his return to the Philippines, Mr. Lim was appointed Chief Business Operations Development Officer, and was primarily responsible for the integration of Sun Life Philippines and Grepalife Financial, Inc. back offices and operations. He was appointed Chief Operating Officer of Sun Life Grepap in October 2011 and then Head of Bancassurance in late 2013. Mr. Lim and his teams again won the CEO’s Excellence Award in 2012 (for the integration project) and 2013 (for Bancassurance business growth).

Mr. Lim graduated with a Bachelor of Science in Computer Engineering from the Mapua Institute of Technology. He was awarded the designation Master Fellow, Life Management Institute and also Associate, Customer Service by the Life Office Management Association (LOMA).

Ms. Rizalina G. Mantaring, 57 years old, is the President & CEO of the Sun Life Financial group of companies in the Philippines, and a member of its various boards. She joined Sun Life as head of its Asia Pacific Information Systems Department in 1992. As head, she laid the groundwork and transformed the technology platform of Sun Life Philippines into the most advanced in the industry, allowing for the operational efficiency and service levels for which Sun Life is known. In 1999, she took responsibility for the Operations area of the Philippine subsidiary, gradually implementing operational and service improvements and innovations which have led to the company’s excellent reputation as the industry leader in customer service. Over the years, she successively took on additional responsibilities until her appointment as Chief Operating Officer. In 2008, she was appointed Chief Operations Officer for Asia, with responsibility for Operations & Information Technology. In March 2009, she became Deputy President for Sun Life Philippines, then President and CEO in August of the same year.

She graduated with a B.S. Electrical Engineering degree (cum laude) from the University of the Philippines, and an M.S. Computer Science from the State University of New York at Albany. She has also attended numerous executive development programs conducted by Harvard University, The Wharton School, Duke University, Oxford University, Asian Institute of Management, and The Niagara Institute. She is a Fellow of the Life Management Institute (with distinction) of the LOMA.

She was a board director of the Philippine Life Insurance Association (PLIA) from 2011-2013, and was again elected to the board starting 2015 to the present. She served as PLIA President from 2014-2015. She also served as board director of the Philippine Federation of Pre-need Companies from 2006-2008. She also serves as Independent Director of Ayala Land, Inc., First Philippine Holdings, Inc., and Microventures Inc.
**JUAN B. SANTOS** | Independent Director

Mr. Juan B. Santos, 78 years old, Filipino, is an independent director of Sun Life Grepa. He is currently a Member of the Board of Directors of RCBC, Alaska Milk Corporation, East-West Seed ROH Limited (Bangkok, Thailand), House of Investments, Inc., Golden Spring Group (Singapore), Allamanda Management Corporation, and Philippine Investment Management (PHINMA), Inc.; a member of the Board of Advisors of Coca-Cola FEMSA Philippines, AMUNDI (Singapore), Mitsubishi Motor Philippine Corporation, East-West Seeds Co., Inc.; Chairman, Board of Trustee, Dualtech Training Center Foundation, Inc.; a trustee of St. Luke’s Medical Center, and a consultant of the Marsman-Drysdale Group of Companies. Prior to joining the Sun Life Grepa, he was Chairman of the Social Security Commission, he served briefly as Secretary of Trade and Industry and was CEO and Chairman of Nestle Philippines, Singapore, and Thailand. He also served as Director of various publicly listed companies, including the Philippine Long Distance Telephone Company (PLDT), Philex Mining Corporation, San Miguel Corporation, Equitable Savings Bank, Inc., and PCI Leasing and Finance, Inc. He obtained his Bachelor of Science Degree in Business Administration from the Ateneo de Manila University, and pursued post-graduate studies on Foreign Trade at the Thunderbird School of Global Management in Arizona, USA. He completed his Advanced Management Course at International Institute for Management Development (IMD) in Lausanne, Switzerland.

**KEVIN STRAIN** | Director

Mr. Kevin Strain, 50 years old, is currently a Director of Sun Life Grepa. He is also the President of Sun Life Financial Asia. Appointed in 2012, he is responsible for Sun Life’s interests in Asia, including identifying opportunities for growth in the region and managing Sun Life’s relationships with its partners. Sun Life has operated in Asia since the 1890s, and today spans seven key markets – the Philippines, Hong Kong, Indonesia, India, China, Vietnam, and Malaysia. He is based in Sun Life’s Asia Regional Office in Hong Kong and is a member of the Sun Life’s Executive Team.

With significant insurance and leadership experience in both individual and group businesses and in managing finance functions, Mr. Strain was Senior Vice-President of Sun Life’s Individual Insurance and Investments division in Canada from 2007 to 2012, responsible for the creation and delivery of insurance, health and wealth management products and solutions nationwide. This included managing an expansive distribution organization encompassing Sun Life’s career sales force, the largest in Canada, and third party distributors.

In earlier roles, Mr. Strain was Vice-President of Investor Relations in Sun Life’s corporate office and held senior finance positions in Sun Life’s Canadian operations. He joined Sun Life in 2002 as part of its acquisition of the Clarica Life Insurance Company, where he served in finance and customer-focused roles before being appointed head of Clarica’s Canadian pension and group savings division.
Ambassador Alfonso T. Yuchengco was a prominent industrialist, educator, and diplomat. He was the Chairman of the Yuchengco Group of Companies (YGC), one of the largest family-owned business conglomerates in the Philippines. He was Chairman of the Board for the following YGC companies: Pan Malayan Management and Investment Corporation; MICO Equities, Inc. (holding company of the Malayan Group of Insurance Companies); Mapúa Institute of Technology, GPL Holdings, Inc.; RCBC Realty Corporation; EEI Corporation; Y Realty Corporation; Philippine Integrated Advertising Agency, Inc.; Yuchengco Center; YGC Corporate Services Inc.. He was Chairman Emeritus of Rizal Commercial Banking Corporation. He was also a member of the Board of Directors of Malayan Insurance Co., Inc., House of Investments Inc., Sun Life Grepa Financial Inc., and RCBC Land Inc.

Ambassador Yuchengco was active in socio-civic, cultural, and professional organizations. He was the Chairman of the AY Foundation; Vice Chairman of the Board of Judges and principal sponsor of the AY Foundation-led Blessed Teresa of Calcutta Awards; Chairman of the Yuchengco Museum; Chairman Emeritus of the Board of Bantayog ng mga Bayani Foundation, Inc.; Chairman of the Board of Trustees of the Bayanihan Folk Arts Foundation, Inc.; Chairman of the Master of Business Administration (MBA) – Juris Doctor (JD) of De La Salle University Professional Schools Inc. Graduate School of Business and the Far Eastern University Institute of Law; and Chairman Emeritus of the Philippine Constitutional Association (PHILCONSA).

His international affiliations included membership in the Board of Governors of Pacific Forum; emeritus trusteehip in Asia Society, New York; membership in the Board of Overseers of Columbia University, Business School; membership in the International Insurance Society and emeritus trusteehip in the University of San Francisco.

On top of his various positions in the private sectors, he also had a distinguished career in government service. He served as Ambassador to China (1986-1988) and Japan (1995-1998), Presidential Special Envoy to Greater China, Japan and Korea (2001), and Philippine Permanent Representative to the United Nations (2001-2002).

He was also a trusted adviser to several Filipino presidents. His other government positions included: Chairman of the Council of Private Sector Advisers on the Spratly Issue (1995-1998), Presidential Assistant on APEC Matters (1998-2000), Member of the Consultative Commission to Propose Revision to the 1987 Constitution (2005-2006), and Presidential Adviser on Foreign Affairs (2004-2010).

An eminent businessman in his life, Ambassador Alfonso was recognized as Insurance Man of the Year (1955, Business Writers’ Association of the Philippines), Management Man of the Year (1992, Management Association of the Philippines), Business Icon Gold Award (2008, BizNewsAsia), CEO Excel Award (2009, International Association of Business Communicators in The Philippines), Lifetime Achievement Award (Asia Insurance Industry Award, 2010), and Lifetime Achievement Award (Asian Bankers Association, 2015).

He was inducted to the Insurance Hall of Fame (1997, International Insurance Seminar), PICPA Hall of Fame (Philippine Institute of Public Accountants, 2001), and FAIR Hall of Fame (2011, Federation of Afro-Asian Insurers and Reinsurers).

Also a prominent figure in the academic circle, Ambassador Yuchengco was conferred honorary doctorate degrees from renowned institutions in the Philippines such as De La Salle University (1983) and University of Baguio (1995); and from Japan: Ritsumeikan University (1998), Waseda University, 1998), and Soka University (1998). He was bestowed honorary professorships by Shanghai University of Finance and Economics (1986) and University of Alabama (1995). He received the Presidential Medal of Merit and Outstanding Alumnus Award, both from Far Eastern University in 1998 and 2003, respectively, and Signum Meriti Medal from De La Salle University in 1999.

His other awards included: JPS Medal of Merit (Philippines-Japan Society, 1995); The Outstanding Filipino Award (2000, TOFIL); Insurance Humanitarian Award (University of Alabama, 2008); and Maharlika Award and Leader Award (PHILCONSA, 2010 and 2011, respectively).

As a statesman, he was decorated with the following: Order of the Sacred Treasure, Gold and Silver Star (1993, the Government of Japan); Grand Cordon of the Order of the Rising Sun (1998, Emperor of Japan); Order of Sikatuna, with the Rank of Datu (1998, President Fidel V. Ramos); and Order of Lakandula, Grand Cross (2003, President Gloria Macapagal-Arroyo).

Ambassador Yuchengco held a Bachelor of Science in Commerce, major in Accountancy, from the Far Eastern University. He took his Master in Business Administration from the Columbia University in New York, USA. He took and passed the licensure examinations for certified public accountants in the Philippines.
MANAGEMENT AND GOVERNANCE
SUN LIFE GREPA LEADERSHIP TEAM

Richard S. Lim
President

Jocelyn A. Alegre
Head of Operations

Maria Josefina A. Castillo
Chief Financial Officer & Treasurer

Maria Carmen I. Gutierrez
Vice-President, Head of Human Resource Management

Peter M. Miranda
Vice-President, Head of Group Marketing Sales and Operations
Cynthia B. Nono  
Vice-President, Head of Bancassurance

Roy G. Padiernos  
Executive Vice-President, Head of Agency Sales and Marketing Operations

Jose Enrique N. Songco  
Vice-President, Head of Affinity Marketing

Gerardo D. Tirona  
Vice-President, Head of Marketing
 BOARD-APPOINTED OFFICERS

■ RICHARD S. LIM | President

Mr. Richard Lim is the President of Sun Life Grepa. He is also the President of both Great Life Financial Assurance Corporation, and Grepalife Asset Management Corporation. Mr. Lim currently leads the Sun Life Grepa Senior Leadership Team and the Board-appointed Officers (see full description on page 12).

■ MARIA JOSEFINA A. CASTILLO | Treasurer

Ms. Maria Josefina A. Castillo, 43 years old, is the Chief Financial Officer for Sun Life Grepa Financial, Inc. She is also the Chief Financial Officer for Sun Life Financial – Philippines. She was appointed as Treasurer of Sun Life of Canada (Philippines), Inc. on September 2015. Concurrently, she serves in the same capacity at Sun Life Financial, Plans, Inc.; Grepalife Asset Management Corporation, the 3 Grepalife Mutual Funds and Great Life Financial Assurance Corporation. She is responsible for the overall leadership of the Finance function of Sun Life Philippines and its subsidiaries, as well as the Sun Life Prosperity family of funds. Ms. Castillo is part of the Philippine Leadership Team.

Ms. Castillo has over 20 years of extensive finance experience in the life insurance industry. She started with Sun Life in 2003 as Manager of Asia Accounting under Regional Accounting and Control and promoted as Head of the same department in 2006. Ms Castillo joined the Philippine operations in 2011 as Finance Project Lead for the joint venture integration and was appointed Controller in 2013. Prior to joining Sun Life, Ms Castillo worked with CMG Life Insurance Company, Inc., Permanent Plans, Inc. and SyCip, Gorres, Velayo & Co.

Ms. Castillo is a Certified Public Accountant, having graduated from Miriam College with a degree in B. S. Accountancy. She received her Master in Business Administration from the university of the Philippines (Diliman). She is a Fellow, Life Management Institute (FLMI) and an Associate, Customer Service (ACS) of the Life Office Management Association.

■ SAMUEL V. TORRES | Corporate Secretary

Atty. Torres, 52 years old, is the Corporate Secretary of Sun Life Grepa. He is the General Counsel of Pan Malayan Management & Investments Corporation of the Yuchengco Group of Companies. He also serves as the Corporate Secretary of various companies, i.e., A.T. Yuchengco, Inc.; House of Investments, Inc.; iPeople, Inc.; Petro Energy Resources Corporation; RCBC Securities, Inc.; GPL Holdings, Inc., among other corporations. He was formerly Corporate Secretary of Grepalife Asset Management Corporation and the three Grepalife mutual funds, i.e., Grepalife Dollar Bond Fund, Grepalife Balanced Fund (formerly Grepalife Bond Fund), and Grepalife Fixed Income Fund. He graduated from the University of the Philippines School of Economics with a degree in BS in Business Economics and took up Bachelor of Laws at the Ateneo de Manila University School of Law.
Atty. Jemilyn S. Camania is the Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. She is also the Corporate Secretary of Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc., Sun Life Asset Management Company, Inc., Sun Life Financial Philippine Holding Company, Inc., Sun Life Financial – Philippines Foundation, the 12 Sun Life Prosperity Funds, Grepalife Asset Management Corporation, Great Life Financial Assurance Corporation, the 3 Grepalife Mutual Funds.

With over 15 years of experience, Atty. Camania started at Sun Life as Assistant Counsel in 2004, and then moved up the ranks to become Counsel (2007 to 2011) and Senior Counsel (2011 to 2012). She is currently Sun Life’s Deputy General Counsel (2012 to present) and Head of General Corporate Services (from 01 May 2016). In April 2016, she was appointed in a concurrent capacity as Senior International Counsel for Sun Life Financial Asia. Prior to joining Sun Life, she worked as an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004).

Atty. Camania received her Bachelor of Arts in Psychology (1992) and Bachelor of Laws (2001) degrees from the University of the Philippines (Diliman). She was called to the Bar in 2002. She is also a Fellow, Life Management Institute (2010), Professional, Customer Service (with honors) (2011), and Associate, Insurance Regulatory Compliance (2014) of the Life Office Management Association (LOMA).

Atty. Co brings to the organization more than 18 years of experience, coming most recently from Standard Chartered Bank as Compliance Head for seven years after two years as Wholesale Banking Compliance Adviser. Prior to this, she was Assistant Vice-President – Legal & Compliance Officer in Pru Life Insurance Corporation of UK for almost three years. She is a former Associate Lawyer at Sigion-Reyna, Montecillo & Ongsiako Law Offices and Senior Associate at Sycip, Gorres, Velayo & Co. Market Circle 1, Tax Group.

Atty. Co graduated from the University of the Philippines (Diliman) with a degree in Bachelor of Laws and from the De La Salle University-Taft with a degree in Bachelor of Science in Accountancy. She ranked 8th in the CPA Board Examinations in 1994.
Mr. Bungabong, 39 years old is the Internal Auditor for Sun Life Grepa Financial, Inc. He has also been the Audit Head for the Sun Life Financial Philippines group since October 1, 2009.

He joined Sun Life as a Systems Audit Manager (acting on a Specialist role) in 2006, and was appointed as Team Leader of the Systems Audit Team in 2008 until his appointment as Audit Head in 2009. Prior to joining Sun Life, he was an Associate Director in the Technology and Security Risk Services (TSRS) practice of SyCip Gorres Velayo & Co. (SGV), a member practice of Ernst & Young Global.


Ms. Ria V. Mercado is the Risk Officer of Sun Life Grepa Financial, Inc., Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc., Sun Life Asset Management Company, Inc., the 12 Sun Life Prosperity Funds, Grepalife Asset Management Corporation, Great Life Financial Assurance Corporation, and the 3 Grepalife Mutual Funds. Ms. Mercado brings a wealth of experience in leading risk and control functions. She joined Sun Life from Deutsche Knowledge Services (DKS), where she was Debt and Client Risk & Control Lead. She was responsible for risk and control initiatives and for proactively identifying and mitigating operations risks through quality assurance initiatives. Prior to DKS, she was with Standard Chartered Bank where she rose from Graduate Associate to AVP – Unit Operational Risk Manager.

Ms. Mercado holds a Master in Business Management degree from the Asian Institute of Management. She is a BS Business Administration graduate of the University of the Philippines (Diliman).
CORPORATE GOVERNANCE

Trust is an important element in the insurance business. In fact, one can say that the insurance business is chiefly based on trust. Sun Life Grepa and its Board of Directors (the “Board”) are committed to maintaining high standards of governance that will ensure that the trust upon which its business is built will not be compromised.

The Board and Management of Sun Life Grepa adopt governance policies and practices intended to align the interests of all its stakeholders. We are committed to fully comply with all regulatory standards and reflect in the best way possible best practices that are in the interest of all stakeholders of the Company.

As part of this commitment, the Board annually reviews and approves its Manual on Corporate Governance, as well as the charters of Board, Audit Committee, Review Committee for Related Party Transactions, Remuneration and Governance Committee, and Risk Management Committee. In 2016, the Company substantially complied with the Code of Corporate Governance prescribed by the Insurance Commission.

Board of Directors

The Board is primarily responsible for identifying and setting the Company’s strategic directions as well as its Mission and Vision. The Board monitors the implementation of the Company’s strategy and reviews the vision and mission periodically. Every year during the fourth quarter meeting, the Board reviews the Company’s Mission and Vision Statements to determine if the same is still aligned with the Company’s objectives and corporate strategy.

It is also responsible for assessing the performance of Management in addition to its own performance. The Business Review report presented by the President every board meeting is an opportunity for the directors to give their insights on the Company’s objectives and corporate strategy.

It is composed of nine (9) members who are elected for their integrity, competence and high ethical standards. The members are experts in their respective fields of specialization and are found to possess all the qualifications and skills of a director as set forth in the By-Laws and the Manual of Corporate Governance of the Company. Attendance in professional education programs to enrich the skills of the Directors is highly encouraged and when permitted, these programs are provided by the Company.

The members of the Board are mandated and the Board ensures that each member devote sufficient time and contributes its skills and knowledge in the performance of their roles and functions.

The three (3) Independent Directors (Messrs. Jose Isidro N. Camacho, Francisco C. Eizmendi, Jr. and Juan B. Santos) are known for their expertise in various fields, both in the private and public sectors. No Independent Director serves on more than five (5) boards of publicly-listed Companies. The Independent Directors ensure that acts and decisions of the Board are made in accordance with the requirements of the regulations and are free from conflicts of interest.

It is the objective of the Company to at all times maintain a well balanced Board membership structure to facilitate free, open, and unhampered discussion in all matters elevated to the Board. the Company further ensures that the independence, integrity and competence of the members of the Board are unquestionable.
Members of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Helen Y. Dee</td>
<td>Chairman of the Board, Director</td>
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<tr>
<td>Jose Isidro N. Camacho</td>
<td>Independent Director</td>
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<tr>
<td>Michele Marie Y. Dee</td>
<td>Director</td>
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<tr>
<td>Francisco C. Eizmendi, Jr.</td>
<td>Independent Director</td>
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<tr>
<td>Richard S. Lim</td>
<td>President, Director</td>
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<tr>
<td>Rizalina G. Mantaring</td>
<td>Director</td>
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<tr>
<td>Juan B. Santos</td>
<td>Independent Director</td>
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<tr>
<td>Kevin Strain</td>
<td>Director</td>
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<tr>
<td>Ambassador Alfonso T. Yuchengco†</td>
<td>Director</td>
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</table>

Board of Directors Meeting 2016

The Board of Directors participated in the meetings in 2016. Meetings were held at the Legazpi Room 10th Floor, Grepalife Building, 221 Sen. Gil Puyat, Makati City.

<table>
<thead>
<tr>
<th>Audit Committee</th>
<th>Meeting Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>08 March 2016</td>
</tr>
<tr>
<td>Alforno T. Yuchengco†</td>
<td>✓</td>
</tr>
<tr>
<td>Jose Isidro N. Camacho</td>
<td>✓</td>
</tr>
<tr>
<td>Helen Y. Dee</td>
<td>✓</td>
</tr>
<tr>
<td>Richard S. Lim</td>
<td>✓</td>
</tr>
<tr>
<td>Rizalina G. Mantaring</td>
<td>✓</td>
</tr>
<tr>
<td>Francisco C. Eizmendi, Jr.</td>
<td>✓</td>
</tr>
<tr>
<td>Juan B. Santos</td>
<td>✓</td>
</tr>
<tr>
<td>Kevin Strain</td>
<td>✓</td>
</tr>
<tr>
<td>Michelle Marie Y. Dee</td>
<td>✓</td>
</tr>
</tbody>
</table>

Committees

Various Committees created by the Board provide guidance and advice on important issues in their respective areas of concern. The Committees provide support and assistance in relevant functions of the Board as mandated by laws, regulations, their respective Committee charters, Manual on Corporate Governance, and the Company’s By-Laws.

Audit Committee Members for 2016 – 2017

- Jose Isidro N. Camacho, Committee Chairman and Independent Director
- Francisco C. Eizmendi, Jr., Independent Director
- Rizalina G. Mantaring, Director

The Audit Committee had 4 meetings in 2016, and all the Committee members except for Mr. Eizmendi had perfect attendance and actively participated in the meetings.
Audit Committee Meeting Dates

08 March 2016 07 June 2016 06 September 2016 06 December 2016

Jose Isidro N. Camacho
Rizalina G. Mantaring
Francisco C. Eizmendi, Jr.

The Audit Committee hears quarterly reports from the Internal Auditor, External Auditor, and Chief Financial Officer. The non-executive Committee members have a private and confidential meeting with the Internal Auditor and the External Auditor separately, with no management present.

Risk Management Committee Members for 2016 - 2017

- Jose Isidro N. Camacho, Committee Chairman
- Helen Y. Dee, Director
- Rizalina G. Mantaring, Director

The Risk Management Committee had 4 meetings in 2016, and all the Committee members had perfect attendance and actively participated during the meetings.

Risk Management Committee Members Meeting Dates

<table>
<thead>
<tr>
<th></th>
<th>08 March 2016</th>
<th>07 June 2016</th>
<th>06 September 2016</th>
<th>06 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jose Isidro N. Camacho</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Helen Y. Dee</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Rizalina G. Mantaring</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The Risk Management Committee hears quarterly reports from the Chief Actuary, Risk Officer, and Compliance Officer. The non-executive Committee members have a private and confidential meeting with the Risk Officer and Compliance Officer separately, with no management present.

Remuneration and Governance Committee Members for 2016-2017

The Remuneration and Governance Committee had 1 meeting in 2016, and all Committee members had perfect attendance.

- Helen Y. Dee, Committee Chairman
- Francisco C. Eizmendi, Jr., Independent Director
- Rizalina G. Mantaring, Director

Remuneration and Governance Committee Members Meeting Dates

<table>
<thead>
<tr>
<th>Remuneration and Governance Committee Members</th>
<th>Meeting Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helen Y. Dee</td>
<td>08 March 2016</td>
</tr>
<tr>
<td>Rizalina G. Mantaring</td>
<td>✓</td>
</tr>
<tr>
<td>Francisco C. Eizmendi, Jr.</td>
<td>✓</td>
</tr>
</tbody>
</table>

The Remuneration and Governance Committee meets at least once a year to recommend persons to fill any vacancy on the Board and review and assess the compensation of independent directors and key officers.
Review Committee for Related Party Transactions

- Francisco C. Eizmendi, Jr., Committee Chairman and Independent Director
- Jose Isidro N. Camacho, Independent Director
- Juan B. Santos, Independent Director

The Review Committee for Related Party Transactions was created on 07 June 2016. It had its first meeting on 06 December 2016, with all the Committee members in attendance. See the Committee’s roles and responsibilities on page 43.

<table>
<thead>
<tr>
<th>Review Committee for Related Party Transactions Members</th>
<th>Meeting Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jose Isidro N. Camacho</td>
<td>✔</td>
</tr>
<tr>
<td>Francisco C. Eizmendi, Jr.</td>
<td>✔</td>
</tr>
<tr>
<td>Juan B. Santos</td>
<td>✔</td>
</tr>
</tbody>
</table>

Training

The Company maintains a formal orientation and ongoing education program for Independent Directors. All Directors are provided with, and encouraged to attend, appropriate trainings and informed of the Company’s internal policies and procedures as appropriate, including written materials including those that outline the organization of the Board and its Committee(s), the powers and duties of Directors, the required standards of performance for Directors and the Sun Life Financial Code of Business Conduct.

<table>
<thead>
<tr>
<th>Training</th>
<th>Attendee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Helen Y. Dee</td>
</tr>
<tr>
<td></td>
<td>Jose Isidro N. Camacho</td>
</tr>
<tr>
<td></td>
<td>Michelle Marie Y. Dee</td>
</tr>
<tr>
<td></td>
<td>Francisco C. Eizmendi, Jr.</td>
</tr>
<tr>
<td></td>
<td>Richard S. Lim</td>
</tr>
<tr>
<td></td>
<td>Rizalina G. Mantaring</td>
</tr>
<tr>
<td></td>
<td>Juan B. Santos</td>
</tr>
<tr>
<td></td>
<td>Kevin Strain</td>
</tr>
<tr>
<td></td>
<td>Ambassador Alfonso T. Yuchengco†</td>
</tr>
</tbody>
</table>

Board Performance Appraisal

The Company has a board assessment process in place. Every year, the Compliance Officer requests the directors to answer a Board Effectiveness Questionnaire to assess the effectiveness of the Board and Board Committees in the performance and exercise of their functions and mandate under the Manual on Corporate Governance, Charters of the various Board Committees, and applicable laws and regulations.

The questionnaire includes self-assessments on (1) performance as an individual director, (2) performance of the Board as a body, and (3) performance of each of the Committees to which the directors belong. The questionnaire is sent to all members of the Board covering various facets of corporate governance including: the responsibilities of the Board, independence, strategic planning, audit, risk management, skills and experience of individual directors. This assessment is led and the results are collated by the Compliance Officer to ensure utmost confidentiality. Responses from individual directors are not disclosed and only the consolidated results are discussed and reported to the Board.

In 2016, the Directors accomplished the Board Effectiveness Questionnaire and have evaluated themselves, the Board and the Board-Level Committees to be very independent and effective in implementing their respective mandates and discharging their duties and responsibilities. The Company has robust and effective risk management policies and procedures in place to identify, mitigate and manage risks arising from the Company’s operations. The results of the assessment were reported to the Board. The Board agreed to have the results disclosed in this Report.
Diversity and Inclusion

Our commitment to diversity and inclusion is at the center of our company values and is critically important to the board and executive management. We believe that highly qualified directors and executive leaders who reflect the customers we serve, our employees, and the communities where we operate bring broader perspectives and experience to deepen our insight, enhance innovation and accelerate growth. They also create an inclusive, high performing culture where all employees, regardless of gender, race, religion, age, country of origin, physical ability, sexual orientation or other diversity attributes, can contribute to their full potential.

Women on the Board

The board believes a diverse group of directors produces better corporate governance and decision-making. The board has adopted a diversity policy that includes provisions relating to the identification and nomination of female directors. The objective of the board’s diversity policy is to ensure that the board as a whole possesses diverse characteristics, including a diversity of qualifications, skills, experience and expertise relevant to the company’s business, in order to appropriately fulfil its mandate.

Effective implementation of the board’s diversity policy is the responsibility of the Remuneration and Governance Committee. When recruiting candidates for appointment or election to the board, the Remuneration and Governance Committee will generally:

- develop a preferred candidate profile based on the qualifications, skills, experience and expertise determined to be best suited to complement the existing directors or fill a need on the board,
- consider the level of diversity on the board based on gender and other criteria such as age, ethnicity and geography, and
- require a director search firm to identify diverse candidates within the scope of the preferred candidate profile.
- The Remuneration and Governance Committee will assess the effectiveness of the board’s diversity policy by considering the level of diversity on the board based on the factors identified above.

Women in executive officer positions

The Company renewed its commitment to diversity and inclusion, creating an enterprise strategy to strengthen diversity of all kinds, including gender and diversity, in day-to-day business practices. The strategy focuses on a series of actions that addresses unique opportunities to understand our clients’ needs in more depth, review and enhance our talent management practices, enrich our already collaborative and inclusive culture, and ensure our investments and participation in the community support our diversity objectives.

We are embedding diversity further into the core of our talent management practices to ensure they are free of systemic bias and that no group, including women, is disadvantaged. We regularly monitor and review the number of women in executive and senior leadership positions through our annual Talent Review and Succession Management process. This is an annual activity where we accomplish the following:

- succession planning for positions on our Leadership Team and the management teams of each business group and function, including specific plans to address gaps
- review of the potential of all leaders at the middle management level and above, including the required support for their on-going development and career growth.

One of the key metrics we review is the number of women in executive and senior leadership roles and in our senior management pipeline. Our Leadership Team reviews the results of this process, including year-over-year changes, and the members discuss and advise on the number of women currently holding executive officer positions and in our pipeline.

When we select leaders for executive officer and senior leadership positions, both internally and externally, we require a diverse slate of candidates, including women. In situations where we are working with external executive search firms, one of the standard terms and conditions in our contracts is the presentation of diverse candidates and we identify talent pools where we are likely to find candidates with broad skills and experience.
At the conclusion of our annual performance management and compensation cycle, we analyze compensation levels across the organization, including the compensation of women holding executive officer and senior leadership positions, to ensure fair and equitable treatment, free from systemic bias.

**Talent Review and Succession Management**

As part of the Sun Life Group, select members of the Sun Life Grepa Board participate in the annual Talent Review and Succession Management cycle. Together these two processes provide the opportunity to assess the Company’s leadership bench strength; focus on the identification and development of high potential individuals; and support the organisations’ succession plan for the top leadership (CEO/President) role. Individual strengths and development needs are identified along with appropriate development actions to ensure the Company is creating a highly capable pool of candidates to meet its current and future leadership needs. This process aims to ensure both leadership and business continuity.

**Employee Training and Development**

Sun Life Grepa is committed to provide its employees opportunities for learning and development. These investments are prioritized according to its alignment with Sun Life Grepa’s strategic direction and goals. Sun Life Grepa offers a versatile learning environment that incorporates various training aspects: formal learning i.e. classroom-based programs; informal learning i.e. experience-based / on-the job development; and relationship-based development i.e. coaching and feedback. In 2016, people leaders completed an average of 62 formal training hours while individual contributors fulfilled an average of 49 formal training hours.

**Reward and Compensation**

Consistent with its goal to build a high performance culture, Sun Life Grepa espouses a “pay for performance” philosophy. The total reward package is designed to attract and retain high performing individuals, as well as to reinforce behaviors that support Sun Life Grepa’s short- and long-term objectives. There are two ways by which Sun Life Grepa clearly links pay to performance: the annual merit increase and the variable pay. The annual merit increase recognizes individual achievement of both business goals for the year and people/capability goals that build on the company’s capability and long term sustainability.

**Corporate Sustainability**

Sun Life Grepa is committed to building sustainable and healthier communities in the country. To ensure that our business can achieve long-term success, we use adaptive workplace strategies such as 5S PLUS, our workplace organization philosophy; and The Brighter Way, our Lean Six Sigma-based initiative to enhance individual and company productivity.
MODES OF COMMUNICATION

The Company recognizes the importance of communication with its stakeholders, clients and the general public. As such the Company provides information about its business, products and campaigns through various client touch points:

**Website**

The Company’s website provides the latest news, product information, activities of the company. The information posted in the website is updated on a weekly or monthly basis depending on the urgency of the information.

**Social Media**

The company strives to build its social presence by regular announcements posted to its official Facebook, Linked-In, and Youtube channels. Future expansion to other social media channels such as Twitter and Instagram are works in progress.

**Intranet**

Sun Life Grepa’s intranet provides the important updates on employee and company activities. These news reports posted on this channel are updated on a regular basis or depending on the urgency of the news or advisories. Those who have access to the Intranet include all employees only.

**Sun SMART : Advisor’s Portal**

We have Sun SMART, an online portal to keep all agency and bancassurance sales leaders and advisors updated on the latest news about the company, sales activities and campaigns.

**Quarterly staff town hall meetings**

The Company, through its Human Resources and Marketing Departments, holds town hall meetings with the staff to discuss the latest development within the company; changes in company policies; management decisions; and activities that require staff participation. This is also one opportunity where employee accomplishments are recognized and new hires are introduced to the whole workforce.

**Kapihan**

The Bancassurance Sales Channel organizes “kapihan” or discussions over coffee for its Bancassurance Sales Officers and bank partners. This quarterly event discusses industry and company updates.

**Internal Announcements**

Sun Life Grepa’s Branding and Corporate Communication section issues internal announcements via email as required. These announcements are on the latest news about the company.

**Press Releases**

News about the company, its products, external partnerships, are announced to the general public through press releases sent to members of the media.

**Company E-Newsletters**

The company issues “Ventures”, an electronic journal, twice a year to all employees. This newsletter features the staff activities and announcements for the year.

**Bank Branches**

The bank branches Sun Life Grepa’s bancassurance partners, RCBC and RCBC Savings, receive print and digital materials: product brochures, campaign materials, company tarpaulins, ATM screen ads, and queueing system ads. These materials aim to establish Sun Life Grepa’s presence in the banks and generate leads for its bancassurance sales officers.

Sun Life Grepa also collaborates with its bank partners for occasional events and social media efforts to reach bank customers nationwide.

**Up Close & Personal with Richard**

Every other month, selected groups of employees are invited to informal meetings with the President to share their thoughts about their work.
STATEMENT OF MANAGEMENT’S RESPONSIBILITY 
FOR THE FINANCIAL STATEMENTS

The management of SUN LIFE GREPA FINANCIAL, INC. (the “Company”) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorrez Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

HELEN Y. DEE
Chairperson

RICHARD S. LIM
President

MA. JOSEFINA A. CASTILLO
Treasurer and CFO

Signed this 7th day of March 2017
INDEPENDENT AUDITORS’ REPORT

The Stockholders and the Board of Directors
Sun Life Grepa Financial, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Grepa Financial, Inc. (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statement of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2016, but does not include the financial statements and our auditor’s report thereon. The Annual Report for the year ended December 31, 2016 is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation No. 15-2010 in Note 33 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Sun Life Grepa Financial, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**SYCIP GORRES VELAYO & CO.**

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
SEC Accreditation No. 0926-AR-2 (Group A),
June 16, 2016, valid until June 16, 2019
Tax Identification No. 178-486-666
BIR Accreditation No. 08-001998-81-2015,
May 12, 2015, valid until May 11, 2018
PTR No. 5908748, January 3, 2017, Makati City

March 7, 2017
## STATEMENTS OF FINANCIAL POSITION

### December 31

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015 (as restated)</th>
<th>2015 (as restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents (Notes 6 and 29)</td>
<td>P724,757,720</td>
<td>P1,022,103,796</td>
<td>P994,399,566</td>
</tr>
<tr>
<td>Insurance Receivables (Notes 7 and 29)</td>
<td>114,788,930</td>
<td>93,602,654</td>
<td>67,354,423</td>
</tr>
<tr>
<td><strong>Financial Assets (Notes 8, 18 and 29)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segregated fund assets</td>
<td>24,600,792,486</td>
<td>22,913,284,692</td>
<td>17,509,426,558</td>
</tr>
<tr>
<td>General fund</td>
<td>10,360,531</td>
<td>33,364,431</td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets - net</td>
<td>14,467,995,357</td>
<td>14,038,811,565</td>
<td>14,276,811,691</td>
</tr>
<tr>
<td>Loans and receivables - net</td>
<td>982,637,285</td>
<td>1,045,996,720</td>
<td>1,105,761,635</td>
</tr>
<tr>
<td><strong>Investments in Subsidiaries (Notes 9 and 29)</strong></td>
<td>1,581,080,300</td>
<td>1,581,080,300</td>
<td>1,581,080,300</td>
</tr>
<tr>
<td><strong>Accrued Income (Notes 10 and 29)</strong></td>
<td>213,978,056</td>
<td>208,859,442</td>
<td>213,623,909</td>
</tr>
<tr>
<td><strong>Property and Equipment - net (Note 11)</strong></td>
<td>168,257,125</td>
<td>185,153,440</td>
<td>212,703,987</td>
</tr>
<tr>
<td><strong>Other Assets (Note 12)</strong></td>
<td>62,246,387</td>
<td>63,426,634</td>
<td>54,016,898</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>42,916,533,646</td>
<td>41,162,679,774</td>
<td>36,048,543,398</td>
</tr>
</tbody>
</table>

### LIABILITIES AND EQUITY

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2016</th>
<th>2015 (as restated)</th>
<th>2015 (as restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segregated fund liabilities (Note 18)</td>
<td>P24,600,792,486</td>
<td>P22,913,284,692</td>
<td>P17,509,426,558</td>
</tr>
<tr>
<td>Insurance contract liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal policy reserves - net (Notes 13 and 29)</td>
<td>12,231,307,811</td>
<td>11,983,368,243</td>
<td>11,657,311,314</td>
</tr>
<tr>
<td>Policy and contract claims payable (Notes 14 and 29)</td>
<td>787,614,020</td>
<td>825,759,517</td>
<td>905,685,150</td>
</tr>
<tr>
<td>Policyholders’ dividends (Notes 15 and 29)</td>
<td>177,908,388</td>
<td>167,166,236</td>
<td>153,666,197</td>
</tr>
<tr>
<td>Premium deposit fund (Notes 16 and 29)</td>
<td>275,455,909</td>
<td>341,332,713</td>
<td>389,567,583</td>
</tr>
<tr>
<td>Insurance payables (Notes 17 and 29)</td>
<td>211,821,065</td>
<td>320,260,725</td>
<td>287,349,707</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses (Notes 19 and 29)</td>
<td>163,690,395</td>
<td>166,739,402</td>
<td>178,542,331</td>
</tr>
<tr>
<td>Net pension liability (Note 26)</td>
<td>72,961,300</td>
<td>70,823,100</td>
<td>75,254,500</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>26,598,842</td>
<td>42,609,029</td>
<td>88,042,194</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>38,548,150,216</td>
<td>36,831,343,657</td>
<td>31,244,845,534</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th>2016</th>
<th>2015 (as restated)</th>
<th>2015 (as restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock (Note 20)</td>
<td>350,000,000</td>
<td>350,000,000</td>
<td>350,000,000</td>
</tr>
<tr>
<td>Contributed surplus</td>
<td>1,093,545</td>
<td>1,093,545</td>
<td>1,093,545</td>
</tr>
<tr>
<td>Revaluation reserve on available-for-sale financial assets (Note 8)</td>
<td>904,767,580</td>
<td>1,140,359,276</td>
<td>1,946,252,441</td>
</tr>
<tr>
<td>Actuarial losses on retirement benefit plan (Note 26)</td>
<td>(94,278,400)</td>
<td>(93,876,800)</td>
<td>(102,483,500)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,206,800,705</td>
<td>2,933,760,096</td>
<td>2,608,835,378</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>4,368,383,430</td>
<td>4,331,336,117</td>
<td>4,803,697,864</td>
</tr>
</tbody>
</table>

### See accompanying Notes to Financial Statements.
### Statements of Income

**Years Ended December 31**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross premiums on insurance contracts</td>
<td><strong>$5,796,926,105</strong></td>
<td><strong>$10,186,510,750</strong></td>
</tr>
<tr>
<td>Reinsurers’ share of gross premiums on insurance contracts</td>
<td><strong>(30,519,852)</strong></td>
<td><strong>(35,277,391)</strong></td>
</tr>
<tr>
<td>Insurance premiums net of reinsurance (Note 21)</td>
<td><strong>5,766,406,253</strong></td>
<td><strong>10,151,233,359</strong></td>
</tr>
<tr>
<td>Investment income - net (Notes 18 and 22)</td>
<td><strong>1,232,446,179</strong></td>
<td><strong>699,279,556</strong></td>
</tr>
<tr>
<td>Fee income (Note 23)</td>
<td><strong>708,971,096</strong></td>
<td><strong>648,719,444</strong></td>
</tr>
<tr>
<td>Foreign exchange gain - net</td>
<td><strong>208,836,027</strong></td>
<td><strong>159,226,412</strong></td>
</tr>
<tr>
<td>Other income</td>
<td><strong>29,349,212</strong></td>
<td><strong>59,575,751</strong></td>
</tr>
<tr>
<td>Investment and other income</td>
<td><strong>2,179,602,514</strong></td>
<td><strong>1,566,801,163</strong></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>7,946,008,767</strong></td>
<td><strong>11,718,034,522</strong></td>
</tr>
<tr>
<td><strong>Benefits and Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in variable unit-linked segregated fund liabilities (Note 18)</td>
<td><strong>1,738,511,028</strong></td>
<td><strong>5,262,590,663</strong></td>
</tr>
<tr>
<td>Insurance benefits and claims incurred (Notes 14 and 24)</td>
<td><strong>4,153,017,791</strong></td>
<td><strong>4,224,272,508</strong></td>
</tr>
<tr>
<td>Reinsurers’ share in insurance benefits and claims incurred (Notes 14 and 24)</td>
<td><strong>(8,166,427)</strong></td>
<td><strong>(2,549,113)</strong></td>
</tr>
<tr>
<td>Gross change in legal policy reserves (Notes 13 and 24)</td>
<td><strong>248,043,450</strong></td>
<td><strong>325,682,844</strong></td>
</tr>
<tr>
<td>Reinsurers’ share of gross change in legal policy reserves (Notes 13 and 24)</td>
<td><strong>(103,882)</strong></td>
<td><strong>374,085</strong></td>
</tr>
<tr>
<td>Net insurance benefits and claims</td>
<td><strong>6,131,301,960</strong></td>
<td><strong>9,810,370,987</strong></td>
</tr>
<tr>
<td>Commissions and other direct expenses (Note 25)</td>
<td><strong>615,419,626</strong></td>
<td><strong>681,589,594</strong></td>
</tr>
<tr>
<td>General and administrative expenses (Note 25)</td>
<td><strong>768,869,125</strong></td>
<td><strong>752,400,654</strong></td>
</tr>
<tr>
<td>Insurance taxes</td>
<td><strong>30,345,720</strong></td>
<td><strong>29,121,195</strong></td>
</tr>
<tr>
<td>Interest expense (Note 25)</td>
<td><strong>18,549,271</strong></td>
<td><strong>16,703,717</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>1,433,183,742</strong></td>
<td><strong>1,479,815,160</strong></td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td><strong>7,564,485,702</strong></td>
<td><strong>11,290,186,147</strong></td>
</tr>
<tr>
<td><strong>Income Before Income Tax</strong></td>
<td><strong>381,523,065</strong></td>
<td><strong>427,848,375</strong></td>
</tr>
<tr>
<td><strong>Provision for Income Tax</strong> (Note 27)</td>
<td><strong>108,482,456</strong></td>
<td><strong>102,923,657</strong></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$273,040,609</strong></td>
<td><strong>$324,924,718</strong></td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
## Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2016</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td></td>
<td>₱273,040,609</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME (LOSS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Item that will be reclassified to profit and loss:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value loss on available-for-sale financial assets (Note 8)</td>
<td>(233,342,703)</td>
<td>(545,904,934)</td>
</tr>
<tr>
<td>Transfers to profit and loss (Note 8)</td>
<td>(2,248,993)</td>
<td>(259,988,231)</td>
</tr>
<tr>
<td><strong>(235,591,696)</strong></td>
<td><strong>(805,893,165)</strong></td>
<td></td>
</tr>
<tr>
<td><em>Item that will not be reclassified to profit and loss:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net remeasurement gain (loss) on defined benefit plan (Note 26)</td>
<td>(401,600)</td>
<td>8,606,700</td>
</tr>
<tr>
<td><strong>(235,993,296)</strong></td>
<td><strong>(797,286,465)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME (LOSS)</strong></td>
<td></td>
<td>₱37,047,313</td>
</tr>
</tbody>
</table>

*See accompanying Notes to Financial Statements.*
### Statements of Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>Capital Stock (Note 20)</th>
<th>Contributed Surplus</th>
<th>Revaluation Reserve on Available-for-sale Financial Assets (Note 8)</th>
<th>Actuarial Losses on Retirement Benefit Plan (Note 26)</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at January 1, 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As previously reported</td>
<td>P350,000,000</td>
<td>P1,093,545</td>
<td>P1,240,593,488</td>
<td>(P93,876,800)</td>
<td>P2,833,525,884</td>
<td>P4,331,336,117</td>
</tr>
<tr>
<td>Prior period adjustments (Note 32)</td>
<td>–</td>
<td>–</td>
<td>(100,234,212)</td>
<td>–</td>
<td>100,234,212</td>
<td>–</td>
</tr>
<tr>
<td>As restated</td>
<td>350,000,000</td>
<td>1,093,545</td>
<td>1,140,359,276</td>
<td>(P93,876,800)</td>
<td>100,234,212</td>
<td>4,331,336,117</td>
</tr>
<tr>
<td>Net income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>273,040,609</td>
<td>273,040,609</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>–</td>
<td>–</td>
<td>(235,591,696)</td>
<td>(401,600)</td>
<td>–</td>
<td>(235,993,296)</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>–</td>
<td>–</td>
<td>(235,591,696)</td>
<td>(401,600)</td>
<td>273,040,609</td>
<td>37,047,313</td>
</tr>
<tr>
<td>As at December 31, 2016</td>
<td>P350,000,000</td>
<td>P1,093,545</td>
<td>P904,767,580</td>
<td>(P94,278,400)</td>
<td>P3,206,800,705</td>
<td>P4,368,383,430</td>
</tr>
<tr>
<td>As at January 1, 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As previously reported</td>
<td>P350,000,000</td>
<td>P1,093,545</td>
<td>P2,072,540,715</td>
<td>(P102,483,500)</td>
<td>P2,482,547,104</td>
<td>P4,803,697,864</td>
</tr>
<tr>
<td>Prior period adjustments (Note 32)</td>
<td>–</td>
<td>–</td>
<td>(126,288,274)</td>
<td>–</td>
<td>126,288,274</td>
<td>–</td>
</tr>
<tr>
<td>As restated</td>
<td>350,000,000</td>
<td>1,093,545</td>
<td>1,946,252,441</td>
<td>(P102,483,500)</td>
<td>2,608,835,378</td>
<td>4,803,697,864</td>
</tr>
<tr>
<td>Net income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>324,924,718</td>
<td>324,924,718</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>–</td>
<td>–</td>
<td>(805,893,165)</td>
<td>8,606,700</td>
<td>–</td>
<td>(797,286,465)</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>–</td>
<td>–</td>
<td>(805,893,165)</td>
<td>8,606,700</td>
<td>324,924,718</td>
<td>(472,361,747)</td>
</tr>
<tr>
<td>As at December 31, 2015 (as restated)</td>
<td>P350,000,000</td>
<td>P1,093,545</td>
<td>P1,140,359,276</td>
<td>(P93,876,800)</td>
<td>P2,933,760,096</td>
<td>P4,331,336,117</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
## STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2016</th>
<th>2015 (as restated)</th>
</tr>
</thead>
</table>

### CASH FLOWS FROM OPERATING ACTIVITIES

**Income before income tax**

P381,523,065  
P427,848,375

**Adjustments for:**

- Changes in legal policy reserves (Note 13)
  
  247,939,568  
  326,056,929

- Amortization of bond premium (Note 8)
  
  70,055,796  
  75,045,195

- Provision for impairment loss on loans and receivables
  
  (Notes 8 and 25)
  
  63,870  
  1,542,471

- Depreciation and amortization (Note 11)
  
  46,304,340  
  41,270,212

- Fair value losses on financial assets at fair value through profit or loss (Notes 8 and 22)
  
  230,829  
  2,268,173

- Gain on sale of property and equipment (Note 11)
  
  (34,801,414)  
  (272,299,452)

- Provision for impairment loss on available-for-sale financial assets (Notes 8 and 22)
  
  (32,552,421)  
  (12,311,222)

- Dividend income (Note 22)
  
  (10,221,127)  
  (13,521,775)

- Unrealized foreign exchange gain – net
  
  195,209,171  
  48,557,311

- Interest income (Note 22)
  
  (797,862,419)  
  (794,524,594)

**Operating loss before changes in working capital**

130,994,100  
(145,507,101)

**Changes in operating assets and liabilities:**

**Decrease (increase) in:**

- Segregated fund assets
  
  (1,687,507,794)  
  (5,329,200,768)

- Insurance receivables
  
  (21,186,276)  
  (26,248,231)

- Loans and receivables
  
  63,295,565  
  142,432,554

- Other assets
  
  1,180,247  
  (9,409,736)

**Increase (decrease) in:**

- Segregated fund liabilities
  
  1,687,507,794  
  5,329,200,768

- Policy and contract claims payable
  
  (38,145,497)  
  (131,226,345)

- Policyholders’ dividends
  
  10,742,152  
  13,500,039

- Premium deposit fund
  
  (65,876,804)  
  (48,234,870)

- Insurance payables
  
  (108,439,660)  
  32,911,018

- Accounts payable and accrued expenses
  
  (3,049,007)  
  (11,802,929)

- Net pension liability
  
  1,736,600  
  (13,038,100)

- Other liabilities
  
  (16,010,187)  
  5,867,547

**Net cash flows used in operations**

(44,758,767)  
(190,756,154)

**Income tax paid (Note 27)**

(108,482,456)  
(102,923,657)

**Net cash flows used in operating activities**

(153,241,223)  
(293,679,811)

### CASH FLOWS FROM INVESTING ACTIVITIES

**Interest received**

792,833,383  
715,197,953

**Dividend received**

10,131,549  
13,402,773

**Acquisitions of:**

- Available-for-sale financial assets (Note 8)
  
  (1,403,539,150)  
  (3,252,137,612)

- Property and equipment (Note 11)
  
  (29,408,025)  
  (16,621,567)

**Proceeds from sale/maturities of:**

- Available-for-sale financial assets (Note 8)
  
  475,877,390  
  2,838,027,391

- Financial assets at fair value through profit or loss (Note 8)
  
  10,000,000  
  20,557,311

- Property and equipment
  
  –  
  2,963,070

**Net cash flows provided by (used in) investing activities**

(144,104,853)  
321,384,041

### NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(297,346,076)  
27,704,230

### CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

P724,757,720  
P1,022,103,796

### CASH AND CASH EQUIVALENTS AT END OF YEAR

P724,757,720  
P1,022,103,796
AUDIT & NON-AUDIT FEES

As approved by the Board, the Company engages the services of Sycip Gorres Velayo & Co., a local member firm of Ernst & Young Global Limited, as its external auditor. The audit fees of Sycip Gorres Velayo & Co. for 2016 amounted to Php1.23 million. There were no other fees paid to the firm during the same year other than audit fees.

SHAREHOLDERS’ DIVIDEND POLICY

Sun Life Grea satisfies the requirement of local regulations, and when prudent and appropriate, the Company returns through dividends and other distributions, the excess capital to its parent companies.

RISK MANAGEMENT

The Company’s overall risk management framework establishes policies, operating guidelines, risk tolerance limits and practices for risk management patterned after the Company’s parent organization. It provides oversight to the risk management activities within the Company’s business segments, ensuring discipline and consistency are applied to the practice of risk management.

The Company’s activities expose it to a variety of operational risk and financial risks such as market risk (which includes foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk and insurance risk (which includes product design and pricing risk, mortality and morbidity risk and legal, regulatory and market conduct risk management).

Risk Framework

The risk management program is designed to:

a. avoid risks that could materially affect the value of the Company,
b. contribute to sustainable earnings,
c. take risks that the Company can manage in order to increase returns, and
d. provide transparency of the Company’s risks through internal and external reporting.

The Company is in the business of accepting risks for appropriate return and takes on those risks that meet its objectives. The program design aligns risk management with the Company’s vision and strategy and embeds it within the business management practices of the business groups.

In pursuing its business objectives, Management is responsible for ensuring that all significant risks are appropriately identified, assessed, managed, reported and monitored.

Accountability provides clear lines of responsibility and authority for risk acceptance and risk taking. In order for risk management to be effective, all must understand the roles and responsibilities.

The BOD is ultimately responsible for ensuring that risk management policies and practices are in place. The BOD has oversight role with respect to ensuring the identification of major areas of risk and development of strategies to manage those risks, and to review compliance with risk management policies implemented by the Company and with legal and regulatory matters.

Key Risk Processes

The Company has established a formal risk identification program whereby key risks that may impact its business are identified. Exposure to these risks is assessed on a qualitative and quantitative basis. Risk control programs and action plans are established for mitigating the exposure. The Company has adopted risk management policies to provide a consistent approach to measurement, mitigation and control, and monitoring of risk exposures.

Risk Categories

The Company’s activities expose it to a variety of operational risk and financial risks such as market risk (which includes foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk and insurance risk (which includes product design and pricing risk, mortality and morbidity risk and legal, regulatory and market conduct risk management).

A. Insurance Risk

Insurance risk pertains to the uncertainty of the amount and timing of any claim arising from the occurrence of an insured event. The principal risk the Company faces under an insurance contract is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated, and subsequent development of long-term claims.

The main risks the Company are exposed to include:
These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company’s underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical locations, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.

B. Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk that the Company is exposed to is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Credit risk

Credit risk is the risk that the company will incur a loss arising from its counterparties that fail to discharge their contractual obligations.

The Company manages the level of credit risk it accepts through a comprehensive group credit risk processes, setting out the assessment and determination of what constitutes credit risk for the Company; setting up of exposure parameters by each counterparty or group of counterparties, geographical and industry segments; right of offset where counterparties are both debtors and creditors whenever possible; and procedures on obtaining collateral and guarantees as needed.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or Company of counterparty, and to geographical and line of risk segments. The policy of the Company is to deal only with creditworthy counterparties.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or the insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The following processes and procedures are in place to mitigate the Company’s exposure to liquidity risk:

- A liquidity risk process sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with this is monitored and exposures and breaches are reported to the Company risk committee. This is regularly reviewed for pertinence and for changes in the risk environment.
- Providing guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contract obligations.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

It is unusual for a company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are thus based on management’s best estimate using statistical techniques and data on past experience.

The Company has an Asset Liability Committee ("ALCO"), which is composed of the CEO, CFO/Head of Finance, Chief Actuary, CIO and ALM Director, and has ultimate responsibility for the ALM operations of Sun Life Grepa. It is accountable for the regular reporting and monitoring of ALM performance, and the development of ALM tactics and strategies. The functions of the Sun Life Grepa ALCO include the review of the annual investment plan, review of the asset and liability segmentation, and annual review of the Portfolio Policies and Parameters for each segment. Sun Life Grepa ALCO monitors ALM matching positions and overall compliance with the specific portfolio policies and limits as well as other policies and limits applicable to Sun Life Grepa. The compliance results are summarized and provided to the SLF Asia Chief Risk Officer on a quarterly basis.
Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, whilst not having excessive liquidity that entails an opportunity cost in terms of product competitiveness and asset yields.

Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuations in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The following processes and procedures are in place to mitigate the Company’s exposure to market risk:

- The Company’s market risk process which sets out the assessment and determination of what constitutes market risk for the Company. Compliance with this is monitored and exposures and breaches are reported to the Company risk committee. This is reviewed regularly for pertinence and for changes in the risk environment.

- Setting guidelines on asset allocation and portfolio limit structure, to ensure that assets back specific policyholders’ liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

- Stipulated diversification benchmarks by type of instrument, as the Company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

C. Operational risk

This is the risk of loss resulting from inadequate or failed internal processes, controls, people and systems. Categories of operational risks may fall under: sales and distribution, human resources, information technology, processes and people, accounting and finance, model risk, legal and regulatory and third party relationships. The Company ensures that internal controls and practices are consistent with enterprise wide policies supporting the management of operational risks.

The Company has established business specific guidelines. Comprehensive insurance program, including appropriate levels of self-insurance, is maintained to provide protection against potential losses. Environmental risk management program is maintained to help protect investment assets, primarily, whenever applicable, real estate, mortgage, and structured finance portfolios, from losses due to environment issues and to help ensure compliance with applicable laws.

Regulatory Compliance Management Policy

The Regulatory Compliance Management Policy sets out the framework for the management and mitigation of compliance risk. The objective of the Policy is to establish a strong, sustainable compliance risk management program that conforms to regulatory and industry standards and provides a reasonable assurance that the following outcomes are achieved:

a. the identification, assessment, communication and maintenance of applicable compliance requirements;

b. the development, communication and maintenance of a system of key controls designed to effect compliance with applicable compliance requirements and to manage and mitigate compliance risk;

c. effective monitoring and oversight of management’s day-to-day activities through which material compliance matters are identified, escalated and resolved; and

d. timely reporting to management on the overall effectiveness of the Policy and the state of compliance in Sun Life.

The Board provides the highest level of independent oversight of the management and operations of the Company. The Board is also responsible for approving regulatory compliance management policies and ensuring that the same are reviewed and assessed on its effectiveness.

The Management implements day-to-day compliance. It is accountable for identifying and assessing compliance risks, specifically incorporating consideration of compliance risks in business activities and decisions, and managing compliance risks in day-to-day activities.

i. creating an atmosphere within the Business Unit that fosters high ethical standards and conduct;

ii. ensuring compliance function within the Business Unit is established and adequately resourced;
iii. identifying, assessing, communicating and maintaining Compliance Requirements (requirements set out in governing legislation, regulations, and regulatory policies, bulletins, directives and guidelines), and produce adequate documentation to demonstrate this;

iv. ensuring a current inventory of Compliance Risks affecting Business Units is established, maintained and documented;

v. ensuring the implementation of adequate day-to-day controls, including the application of Operating Guidelines and development of new guidelines as needed, by appointing qualified individuals to ensure that Compliance Risks are being managed and monitored effectively; providing timely and appropriate remedial action or escalation to address material compliance matters;

vi. ensuring the production of adequate documentation to demonstrate how Compliance Requirements are being communicated, how Compliance Risks are managed and monitored, and to support the flow of information to the Board of Directors and the Chief Compliance Officer (SCO); and

vii. implementing any changes required to ensure that significant recommendations concerning issues of non-compliance or control improvements made by Compliance personnel, General Counsel or Internal Audit are acted upon in a timely fashion and ensuring that appropriate remedial action is taken with respect to incidences of non-compliance.

NON-FINANCIAL PERFORMANCE INDICATORS

Sun Life Grepa maintains its inclusion within the top 10 life insurance companies in the country. In 2016, Sun Life Grepa’s 5th year as a joint venture was highlighted by various achievements, which include exceeding its bancassurance 5-year business plan by 27%, serving over 900,000 Filipinos and paying out over P5.8 Billion in insurance-related benefits. The company also launched its Social Responsibility Program called “Share the Passion” and also strengthened its Money for Life financial literacy advocacy through a Money for Life nationwide caravan. Sun Life Grepa also saw growth in its agency force, affinity marketing and group business channels.

RELATED PARTY TRANSACTIONS

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence (referred to as affiliates). Related parties may be individuals or corporate entities.

The Company has a Review Committee for Related Party Transactions (RPT) that reviews and endorses all related party transactions including those involving directors, officers, stockholders, and related interests. The RPT Committee also takes into account whether the RPT is fair, in the best interests of the Company and is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances.

Details of Related Party Transactions are provided in Note 30 of the 2016 Audited Financial Statements.

WHISTLE BLOWER AND BREACH POLICY

The Whistle Blower program of the Company provides a formal mechanism and channel for directors, officers, employees, suppliers, business partners, contractors and sub-contractors, and other third parties to raise serious concerns about a perceived wrongdoing or questionable or unethical behavior or transaction, malpractice, or any risk involving the Company or any of its officers and employees. Sun Life strictly prohibits any form of retaliation against those reporting concerns in good faith and guarantees that the whistleblower will be shielded or free from reprisals, harassment, or disciplinary action.

Suspected breaches of the Sun Life Grepa Code of Business Conduct, the same must be promptly reported to the Compliance Officer, Head of Human Resources, or the General Counsel. Suspected breaches may also be reported anonymously through the following Ethics Hotline numbers available 24 hours a day.

Dial 105 11 or 105-12 (cell phone - no “02” prefix)
Dial 1010-5511-00 (landline)

You’ll be prompted to dial the Alertline number 800 481 6966

For English please select “1”

For Tagalog please select “9”

The whistleblower may also submit his or her report or concern in writing directly to the Compliance Officer, or by email to: slf_code_of_business_conduct@sunlife.com
CORPORATE SOCIAL RESPONSIBILITY

Sun Life Grepa Financial, Inc. (Sun Life Grepa) recently strengthened its thrust towards local community support. Sun Life Grepa launched a volunteerism program called “Share the Passion”. The said program engages company employees to actively support the welfare of the larger communities of which they are part.

Tracing from years of support for the community service efforts of its parent companies Sun Life Philippines and the Yuchengco Group of Companies (YGC), Sun Life Grepa has started extending its community roots to other areas of where it can help further.

With assistance from the AY Foundation of YGC, the company’s first two projects under the Share the Passion program involved health and wellness and complements the company’s thrust to promote financial wellness.

For the first initiative, Sun Life Grepa, in coordination with the University of the Philippines - Philippine General Hospital’s Pediatric Hematology-Oncology department, held a blood donation drive involving all its employees and other YGC teams in the head office. Volunteers were able to literally share a part of themselves to others by way of contributing to the hospital’s blood bank.

The company’s second project was an employee volunteer day at the St. Arnold Janssen KALINGA SA KAPWA center in Tayuman, Manila City.

KALINGA, which stands for Kain, Ligo ng Ayos, aims to make bathing facilities, clothing donations, simple grooming and meals available to indigent residents of Tayuman. This initiative eventually encourages them to improve their way of life, as proven by previous
beneficiaries who currently volunteer for the facility. Together with the program team, Sun Life Grepa employees had the chance to interact with the beneficiaries in the center by donating goods and assisting in all tasks, sending the latter off with a brighter frame of mind at the end of the day.

Richard Lim, President of Sun Life Grepa, explains that, “The Share the Passion program stresses the importance of working together for the betterment of the communities we serve. Employee volunteerism is a way to connect with the people who are in these communities. These activities highlight the fact that when our employees work together to help others, they also grow as a united and solid team. They achieve not only the company’s goals but also enrich their lives and become proud of what they do.”

Sun Life Grepa also continues its yearly support of Sun Piology, Sun Life Financial’s annual running event, as one of its major sponsors.

Sun Life Grepa looks forward to widening the scope of its effort to help more people in the country. “As a staunch supporter of financial wellness, our company is supporting more forms of wellness that can benefit the marginalized sectors of society. We believe that in doing so, we can help uplift more Filipino lives and get them started on the path towards a brighter future,” Lim added. “We will be lending more support to communities around us in 2017. We are off to a great start.”

“We will be providing more support to communities around us in 2017. We are off to a great start.” - Richard Lim, President of Sun Life Grepa Financial, Inc.
SALES AND SERVICE BRANCHES

METRO MANILA

ACE MAKATI CLIENT SERVICE CENTER
2/F ACE Bldg., 101-103 Rada St. cor. Dela Rosa St., Legaspi Village Makati City (02) 643-1888

ALABANG CLIENT SERVICE CENTER
G/F Unit 102-103 Alipap Bldg., 2 Investment Drive & Trade Sts., Madrigal Business Park, Alabang, Muntinlupa City (02) 807-0492; 807-0592

BGC CLIENT SERVICE CENTER
Sun Life Centre, 5th Ave. cor. Rizal Drive, Bonifacio Global City, Taguig (02) 555-8888 local 5916

BINondo SALES OFFICE
484 Q. Paredes St., Binondo, 027, Brgy. 289, Manila (02) 242-8888 loc. 8307/08

BINondo FINANCIAL STORE
G/F Sun Life Financial Center, Yutivo Bldg., Dasmarinas St. cor. Quintin Paredes St., Binondo 027 Brgy. 291, Manila (02) 247-9454

CAYTIE CLIENT SERVICE CENTER - DASMAY
2/F Annie’s Plaza, Aguinaldo Highway, San Antonio, Dasmarinas City, Cavite (046) 484-0452

CAYTIE CLIENT SERVICE CENTER - IMUS
2/F Sun City Plaza, Aguinaldo Highway, Barrio Anabu 1-B, Imus, Cavite (046) 471-5329

FAIRVIEW CLIENT SERVICE CENTER
2/F BDO Center, Lot 13 Blk 114 Regalado Ave., Greater Lagro, Novaliches, Quezon City (02) 376-9529

FELIZA BUILDING CLIENT SERVICE CENTER
10/F Feliza Bldg., 108 VA Rufino St., Legaspi Village, Makati City (02) 892-8204

FRAABELLE CLIENT SERVICE CENTER
16/F Fraiselle Bldg., 387 M. V. Palmera St., Legaspi Village, Makati City (02) 705-9749

GREENHILLS FINANCIAL STORE
1/F BTTTC Centre, 288 Ortigas Ave. cor. Roosevelt St., Greenhills, San Juan City (02) 719-3996

GREPA MEDICAL AND DIAGNOSTIC CENTER
Mezzanine Floor, RCBC Plaza Tower 2 Level, cor. Ayala Ave. & Sen Gil J. Puyat Ave., Makati City (02) 886-6586 to 88

MAKATI CENTRAL SALES OFFICE 1
4/F Grepalife Bldg., 221 Sen. Gil Puyat Ave., Makati City (02) 844-1105; 845-6231

MAKATI CENTRAL SALES OFFICE 2
4/F Grepalife Bldg., 221 Sen. Gil Puyat Ave., Makati City (02) 845-6271; 817-6294

MAKATI-LEPANTO FINANCIAL STORE
G/F EA Lepanto Bldg., 8747 Paseo de Roxas, Makati City (02) 813-7229

ORTIGAS CLIENT SERVICE CENTER
30/F Orient Square Bldg., Don F. Ortigas Jr. Rd., Ortigas Center, San Antonio District 1, Pasig City (02) 638-3438

PLASA CLIENT SERVICE CENTER
G/F Grepalife Bldg., 221 Buendia Ave., San Antonio, Makati City (02) 866-6861; 866-6871; 866-6881; 866-6891;

QUEZON CITY CLIENT SERVICE CENTER
G/F Orcel II Bldg., 1611 Quezon Ave., West Triangle, Quezon City (02) 413-0223

QUEZON CITY SALES OFFICE
2/F Room 205, Pacific Corporate Center, 131 West Ave., Brgy. Burgos, Quezon City (02) 376-4727 to 29; 376-4719

LUZON

ANGELES PAMPANGA CLIENT SERVICE CENTER
Hanniel Square Bldg., McArthur Highway cor. P. De Guzman St., CM Recto, Angeles City (045) 624-5375

ANTIPOLO CLIENT SERVICE CENTER
2/F Camina Bldg., Circunferential Road, San Jose, Antipolo City (07) 650-0541

BAGUIO CLIENT SERVICE CENTER
Rooms 701-702, 7/F National Life Bldg., 110 Session Road, Baguio City (074) 446-9301

BAGUIO SALES OFFICE
3/F RCBC Bldg., 263 Session Road, Baguio City (074) 442-3590

BALIBAGO CLIENT SERVICE CENTER
Oceana Commercial Complex, KVAS, MacArthur Highway, Sta. Maria Village, Balibago, Angeles City (045) 458-2398

BATAAN CLIENT SERVICE CENTER
2/F JDU Bldg., Don Manuel Banzon Ave., Balanga City, Bataan (047) 237-9226

BATANGAS CLIENT SERVICE CENTER-BALAGtas
2/F Epicenter Bldg., 0865 National Highway, Brgy. Balagtas, Batangas City (043) 741-0257

BATANGAS CLIENT SERVICE CENTER-LUPA
3/F JR. Business Complex, JP Laurel High, Mataas Na Lupa, Lipa City (043) 757-5336

BULACAN CLIENT SERVICE CENTER-BALUAG
2/F Units 39 and 40, 3006 St., Augustine Square, #17 DRT Highway, Pinagbarilan, Bulacan (044) 798-1771

CABANATUAN CLIENT SERVICE CENTER
2/F PGS Bldg., Km112 Maharlika Highway, Cabanatuan City, Nueva Ecija (044) 463-0450; (044) 463-1928

CABANATUAN SALES OFFICE
2/F RCBC Bldg., P Burgos Ave., Cabanatuan City (044) 600-4544

CALAMBA LAGUNA CLIENT SERVICE CENTER
2/F AS Bldg. (Planters Dev’t Bank), National Road, Crossing, Calamba City, Laguna (049) 545-1970

CALPAN CLIENT SERVICE CENTER
2/F Sapphire Bldg., Roxas Drive cor. Camia St., Lumangbayan, Calapan City, Oriental Mindoro (0915) 672-2422

CALPAN SALES OFFICE
3/F FL & A Bldg. JP Rizal St., Calapan City, Oriental Mindoro (043) 288-1677

CALBOYOG CLIENT SERVICE CENTER
2/F RMC Bldg., Maharlika Highway, Brgy. Capoocan, Calbayog City (055) 533-8586

CALOOCAN CLIENT SERVICE CENTER
3/F HGL Bldg., 534 Edsa cor. Biglang Awa St., Brgy. O.26, District 2, Caloocan City (02) 365-3180

DAGUPAN CLIENT SERVICE CENTER
2/F East Gate Plaza, 231 AB Fernandez Ave., Dagupan City, Pangasinan (075) 522-4132

DAGUPAN SALES OFFICE
3/F Lenox Hotel, ANFE Bldg., Rizal St., Dagupan City (075) 522-0796

ISABELA CLIENT SERVICE CENTER
3/F Heritage Bldg., National Highway, Malvar, Santiago City, Isabela (078) 305-2790

LAOAG CLIENT SERVICE CENTER
RAGB Bldg., Brgy. 11, # 27 General Secondo Ave. Laoag City, Ilocos Norte (077) 677-1559

LA UNION CLIENT SERVICE CENTER
2/F One Nisce Bldg., Quezon Ave., San Fernando, La Union (072) 607-3800

LA UNION SALES OFFICE
2/F Mararang Bldg., National Highway Quezon Ave., Catbangan, San Fernando, La Union (072) 888-3240

LEGALI CLIENT SERVICE CENTER
2/F RRL Bldg., LANDCO Business Park, Caintaran, Legaspi City (052) 820-0436

LUCENA CLIENT SERVICE CENTER
2/F Bldg. Elna cor. Enriquez Sts., Lucena City (0917) 373-2156

MALOLOS CLIENT SERVICE CENTER
2/F The Cabanas, 52 Commercial Bldg., Km 44/45, McArthur Highway, Longos, Malolos City, Bulacan (044) 760-1046