

ASEAN CORPORATE GOVERNANCE SCORECARD

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
FINANCIAL YEAR 2018
NON-LIFE INSURANCE | CLASS 3



INSURING GROWTH

BONUS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
A. Rights of shareholders				
Clearly defined board responsibilities and corporate governance policy				
A.1.1 (B)	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	OECD Principle II: (C) (4) <i>Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.</i>	Yes	The Company adheres to Sec. 49 of the Revised Corporation Code which gives stockholders the right to vote in person, through a proxy, or through remote communication or in absentia. As such, said options were communicated to all stockholders who will be unable to attend the Annual Stockholders' Meeting. Nevertheless, since all stockholders were present on April 06, 2018, these options were not utilized. Notice for 2018 Annual Stockholders' Meeting Minutes of Annual Stockholders' Meeting (April 06, 2018)
B. Equitable treatment of shareholders				
B.1 Notice of AGM				
B.1.1 (B)	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	OECD Principle II: (C) (1) <i>Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting; (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</i> OECD Principle III: (A) ICGN 8.3.2 Shareholder participation in governance <i>Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors on an individual basis and also the right to appoint external auditors.</i> ICGN 8.4.1 Shareholder ownership rights <i>The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate notice of all matters proposed for shareholder vote.</i> CLSA-ACGA (2010) CG Watch 2010 - Appendix 2. (I) CG rules and practices (25) <i>Do company release their AGM notices (with detailed agendas and explanatory circulars) at least 28 days before the date of the meeting?</i>	Yes	The Notice for the Annual Stockholders' Meeting, scheduled on April 06, 2018, was released on March 07, 2018, or 30 days prior to the date of the Meeting. Notice for 2018 Annual Stockholders' Meeting

ASEAN CORPORATE GOVERNANCE SCORECARD

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
FINANCIAL YEAR 2018
NON-LIFE INSURANCE | CLASS 3



BONUS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
C. Role of Stakeholders				
C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected				
C.1.1 (B)	Does the company practice integrated report on its annual reports?	International Framework - DRAFT, IIRC Council Item 3b Meeting of 5 December 2013 <i>"Integrated Reporting <IR> promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. The IIRC's vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by as the corporate reporting norm."</i>	No	The Company currently has no immediate plans to practice Integrated Reporting, as prescribed by the International Integrated Reporting Council (IIRC).
D. Disclosure and transparency				
D.1 Quality of Annual Report				
D.1.1 (B)	Are the audited annual financial report/statement released within 60 days from the financial year end?	OECD Principle V (C) OECD Principle V (E) ICGN 7.2 Timely disclosure ICGN 7.3 Affirmation of financial statements <i>The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</i>	No	The Audited Financial Statements were released on April 29, 2019, or 119 days from financial year end. Audited Financial Statements, as at December 31, 2018 (Page 4)
D.1.2 (B)	Does the company disclose details of remuneration of the CEO?	OECD Principle V (A) <i>(4) Disclosure on an individual basis (including termination and retirement provisions) is increasingly regarded as good practice and is now mandated in many countries. In these cases, some jurisdictions call for remuneration of a certain number of the highest paid executives to be disclosed, while in others it is confined to specified positions.</i>	No	Since the Company adheres to stringent confidentiality agreement with its employees, including its CEI, with regard to salaries and remuneration, the Company has opted to withhold this information.
E. Responsibilities of the Board				
E.1 Board Competencies and Diversity				
E.1.1(B)	Does the company have at least one female independent director/commissioner?	ICGN 2.4.1 Skills and experience <i>The board should consist of directors with the requisite range of skills, competence, knowledge, experience and approach, as well as a diversity of perspectives, to set the context for appropriate board behaviours and to enable it to discharge its duties and responsibilities effectively.</i>	No	As at to date, all four (4) Independent Directors of the Company are male.

ASEAN CORPORATE GOVERNANCE SCORECARD

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
FINANCIAL YEAR 2018
NON-LIFE INSURANCE | CLASS 3



INSURING GROWTH

BONUS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
E.2 Nominating Committee				
E.2.1(B)	Does the Nominating Committee comprise entirely of independent directors/ commissioners?	ICGN 2.4.4 Composition of board committees <i>The members of these key board committees should be solely non-executive directors, and in the case of the audit and remuneration committees, solely independent directors. All members of the nominations committee should be independent from management and at least a majority should be independent from dominant owners.</i>	Yes	The Nomination Committee is currently composed of three (3) members, all of which are Independent Directors, to wit: a. Cesar C. Cruz (Chairman) b. Emmanuel C. Alcantara c. Jovencio F. Cinco 2018 Annual Report (Pages 11, 17-18)
E.2.2(B)	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?	OECD Principle VI <i>(5) Ensuring a formal and transparent board nomination and election process. While actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures are transparent and respected. The board or nominating committee has a key role in (but not limited to): (i) Defining the general or individual profile of board members that the company may need at any given time; (ii) Considering the appropriate knowledge, competencies and expertise to complement the existing skills of the board; (iii) Identifying potential candidates to meet desired profiles and proposing them to shareholders, and/or (iv) Considering those candidates advanced by shareholders with the right to make nomination.</i>	Yes	In compliance with Article V of the Nomination Committee Charter, the names of the nominees to the Board of Directors were submitted to the Nomination Committee, with each one accepting in writing the nomination. The Nomination Committee also determined that all the nominees have all the qualifications and none of the disqualifications to sit as members of the Board of Directors of the Corporation. Further, a summary of the qualifications of each nominee was included in the Notice for the Annual Stockholders' Meeting. These procedures were also further explained during the actual Annual Stockholders' Meeting on April 06, 2018. Nomination Committee Charter (Article V) Minutes of Annual Stockholders' Meeting (April 06, 2018)

ASEAN CORPORATE GOVERNANCE SCORECARD

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
 FINANCIAL YEAR 2018
 NON-LIFE INSURANCE | CLASS 3



INSURING GROWTH

BONUS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
E.3 Board Appointments and Re-Election				
E.3.1(B)	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/ commissioners?	<p>WORLDBANK PRINCIPLE 6:</p> <p>(VI.1.21) <i>Are boards known to hire professional search firms when proposing candidates to the board?</i></p>	Yes	<p>Though the Board currently has no vacancies, Article III of the Nomination Committee Charter (Committee Meetings and Authority) provide that:</p> <p><i>"The Committee will have the authority to retain legal, accounting, and other experts or advisors, <u>including any search firm to be used to identify potential Director candidates</u>, under such terms and with the payment of such fees as the Committee in its sole discretion determines appropriate to assist the Committee in fulfilling its duties."</i></p> <p>Nomination Committee Charter (Article III)</p>
E.4 Board Structure & Composition				
E.4.1(B)	Do independent non-executive directors/ commissioners make up more than 50% of the board of directors/commissioners?	<p>OECD Principle VI (E)</p> <p><i>(1) Boards should consider assigning a sufficient number of nonexecutive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.</i></p>	Yes	<p>Currently, the Board has five (5) Non-Executive Directors and four (4) Independent Directors, or 69.23% of the entire Board of Directors.</p> <p>2018 Annual Report (Pages 11-18)</p>

ASEAN CORPORATE GOVERNANCE SCORECARD

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
 FINANCIAL YEAR 2018
 NON-LIFE INSURANCE | CLASS 3



BONUS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
E.5 Board Performance				
E.5.1(B)	Does the company have a separate level Risk Committee?	International Financial Corporation's Global Corporate Governance Forum Publication: When Do Companies Need a Board-level Risk Management Committee? (Volume 31, pp.11, March 2013) Benefits of a Board Level Risk Committee: 1. <i>elevate risk oversight to the highest level inthe company;</i> 2. <i>strengthen the quality of risk management;</i> 3. <i>inculcate a risk culture and risk-management environment to mitigate and manage risks effectively across the organization;</i> 4. <i>establish a platform for continuous assessment of risks in light of the changing internal and external environments;</i> 5. <i>improve communication among the board, management, and other stakeholders about risk management; and,</i> 6. <i>demonstrate to internal and external stakeholders the company's commitment to risk management</i>	Yes	The Risk Management and Oversight Committee is currently composed of three (3) members, to wit: a. Celestino L. Ang (Chairman) b. Anthony G. Sy c. Samuel G. Coyiuto The said Committee met every two (2) months in 2018, to wit: a. February 12, 2018 b. March 12, 2018 c. June 11, 2018 d. August 13, 2018 e. October 08, 2018 f. November 12, 2018 2018 Annual Report (Pages 11, 13, 14, 16)