

# ASEAN CORPORATE GOVERNANCE SCORECARD

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



INSURING GROWTH

## PART A RIGHTS OF SHAREHOLDERS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
<b>A.1 Basic shareholder rights</b>				
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being:  (i) declared for interim dividends; and, (ii) approved by shareholders at general meetings for final dividends?	OECD Principle II:  The Rights of Shareholders and Key Ownership Functions (A) Basic shareholder rights should include the right to, amongst others: <i>(b) share in the profits of the corporation.</i>	Yes	This is included in the Corporation's Dividend Policy, which was disclosed in the 2018 Annual Report.  For 2018, no dividends of any kind were declared nor paid to the stockholders.  <a href="#">2018 Annual Report (Page 9)</a>
<b>A.2 Right to Participate in Decisions Concerning Fundamental Corporate Changes</b>				
<b>Do shareholders have the right to participate in:</b>				
A.2.1	Amendments to the company's constitution?	OECD (2015) Principle II:  (B) Shareholders should be sufficiently informed about, and have the right to approve or participate in, decisions concerning fundamental corporate changes such as:  <i>(1) amendments to the statutes, or articles of incorporation or similar governing documents of the company.</i>	Yes	This is a default item. Still, this is included in Article XI of the Corporation's Articles of Incorporation, as amended, which states:  <i>"...Unless the law shall provide a higher majority vote, the affirmative vote of two third (2/3) of each class of common stock issued and outstanding shall be necessary for the corporation action:</i>  <i>(I) Amendment of the Articles on incorporation</i> <i>(II) Amendment of By-Laws..."</i>  <a href="#">Articles of Incorporation, as amended on January 25, 2017 (Article XI)</a>

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A.2.2	The authorization of additional shares?	<p><u>G20/OECD (2015) Principle II:</u></p> <p>(B) (2) the authorization of additional shares.</p>	Yes	<p>This is a default item. Still, this is included in Article XI of the Corporation's Articles of Incorporation, as amended, which states:</p> <p><i>"... (IV) Reduction or increase in the number of authorized shares of the Corporation.</i></p> <p><i>(V) Issuance of additional shares of common stock or issuance of securities convertible into shares of common stock"</i></p> <p><a href="#">Articles of Incorporation, as amended on January 25, 2017 (Article XI)</a></p>
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	<p><u>G20/OECD (2015) Principle II:</u></p> <p>(B) (3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company</p>	Yes	<p>This is a default item. Still, this is included in Article XI of the Corporation's Articles of Incorporation, as amended, which states:</p> <p><i>"... (VI) Entry into any new business or any change in the nature of the present business of the Corporation;</i></p> <p><i>(VII) Merger, consolidation or dissolution of the Corporation"</i></p> <p><a href="#">Articles of Incorporation, as amended on January 25, 2017 (Article XI)</a></p>

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<b>A . 3 Right to Participate Effectively in and Vote in General Shareholder Meetings and should be Informed of the Rules, including Voting Procedures that Govern General Shareholder Meetings</b>				
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind, and other emoluments) or any increases in remuneration for the non-executive directors / commissioners?	<p>OECD (2015) Principle II:</p> <p>(C) (4) <i>Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</i></p> <p><i>Shareholders should be able to make their views known, including through votes at shareholder meetings, on the remuneration of board members and / or key executives, as applicable.</i></p>	Yes	<p>This is a default item. Still, Article V of the Compensation Committee Charter provides that:</p> <p><i>"The directors of the Corporation shall not receive any compensation in their capacity as such, except for reasonable per diems: Provided, however, that the stockholders representing at least a majority of the outstanding capital stock may grant directors with compensation, upon recommendation of the Compensation Committee, and approve the amount thereof at the Annual Stockholders' Meeting, subject to the rules set under Section 29 of the Revised Corporation Code of the Philippines.</i></p> <p>The approval of the directors' fee was discussed at the 2018 Annual Stockholders' Meeting.</p> <p><a href="#">Compensation Committee Charter (Article V)</a></p> <p><a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a></p>
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors / commissioners?	<p><i>The equity component of compensation schemes for board members and employees should be subject to shareholder approval.</i></p>	Yes	<p>Article V (A) of the Nomination Committee Charter states that:</p> <p><i>"Every valid shareholder, regardless of amount of share owned, has a right to nominate a candidate for Director by submitting the candidate's name via a Nomination Letter addressed to the Nomination Committee; Provided, that said candidate is a valid stockholder at the time of nomination has met all the qualifications prescribed by this Charter, nor does any of the disqualification prescribed by this same Charter apply to him/her."</i></p> <p><a href="#">Nomination Committee Charter (Article VI[A])</a></p>

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A.3.3	Does the company allow shareholders to elect directors/ commissioners individually?	<p>OECD (2015) Principle II:</p> <p>(C) (4) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</p> <p>Shareholders should be able to make their views known, including through votes at shareholder meetings, on the remuneration of board members and/or key executives, as applicable.</p>	Yes	<p>This is included in Article I, Section V of the Corporation's By-Laws, as amended, which states: <i>"At every meeting of the stockholders of the corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock registered in his name in the books of the corporation; provided, however, that in the case of the election of directors, every stockholder entitled to vote shall be entitled to accumulate his votes in accordance with the provisions of the law in such case made and provided."</i></p> <p><a href="#">By-Laws, as amended on January 25, 2017 (Article I, Section 5)</a></p>
A.3.4	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	<p>OECD Principle II:</p> <p>(C) Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.</p>	Yes	<p>The Minutes of 2018 Annual Stockholders' Meeting on April 06, 2018 provide that after the Chairman called the Meeting to order, but prior to the verification of the existence of quorum, Atty. Guia Magdalena Laguio-Flaminiano, Assistant Corporate Secretary, explained the voting and vote tabulation procedures to be used in the Meeting.</p> <p><a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a></p>
A.3.5	Do the minutes of the most recent AGM record that there was an opportunity allowing for shareholders to ask questions or raise issues?	<p>OECD Principle II:</p> <p>(C) (2) Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.</p>	Yes	<p>Queries were allowed in the following items:</p> <ol style="list-style-type: none"> <li>Management Year-End Report</li> <li>2017 Audited Financial Statements</li> <li>Approval of Directors' Remuneration</li> <li>Other Matters</li> </ol> <p><a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a></p>
A.3.6	Do the minutes of the most recent AGM record questions and answers?		Yes	<p>Opportunity to raise queries was given multiple times during the Meeting, but no question was raised.</p> <p><a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a></p>

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A.3.7	Does the disclosure of the outcome of the most recent AGM include resolution(s)?	OECD Principle II:	Yes	All items included in the agenda, once approved by the stockholders by virtue of an affirmative vote of at least a majority of total issued and outstanding voting stock, merit a resolution. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.8	Does the company disclose the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	(C) (2) <i>Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.</i>	Yes	All items included in the agenda that are subject for the approval of the stockholders are voted on individually. Further, the results of each voting is presented in the Minutes of the Meeting in tabular form after the resolution. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.9	Does the company disclose the list of board members who attended the most recent AGM?	OECD Principle II:  (C) and ICGN 2.4.2: <i>All directors need to be able to allocate sufficient time to the board to perform their responsibilities effectively, including allowing some leeway for occasions when greater than usual time demands are made.</i>	Yes	The attendance in the Annual Stockholders' Meeting held on April 06, 2018 is included as Annex I of the Minutes of Meeting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.10	Did the Chairman of the Board of Directors/Commissioners attend the most recent AGM?		Yes	The Chairman, Mr. Robert Coyiuto, Jr., was present in the 2018 Annual Stockholders' Meeting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.11	Did the CEO/ Managing Director/ President attend the most recent AGM?		Yes	Then-President/CEO, Mr. Celestino L. Ang, was present in the 2018 Annual Stockholders' Meeting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.12	Did the Chairman of the Audit Committee attend the most recent AGM?		Yes	Then-Chairman of the Audit Committee, Mr. Jovencio F. Cinco, was present in the 2018 Annual Stockholders' Meeting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>

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A.3.13	Did the company organize their most recent AGM in an easy to reach location?	OECD Principle II (C):	Yes	The 2018 Annual Stockholders' Meeting was held at the Company's Head Office, at Coyiuto House, 119 C. Palanca Street, Legaspi Village, Makati City. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.14	Does the company allow for voting in absentia?	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	This is a default item. Still, 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. A copy of the Proxy Form was attached in the Notice sent to the stockholders on March 07, 2018. <a href="#">Notice for 2018 Annual Stockholders' Meeting</a> <a href="#">Proxy Form for 2018 Annual Stockholders' Meeting</a>
A.3.15	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	OECD Principle II (C):	Yes	Atty. Guia Magdalena Laguio-Flaminiano, Assistant Corporate Secretary, explained during the 2018 Annual Stockholders' Meeting that the voting and vote tabulation procedures to be used in the Meeting is secret balloting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.16	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	OECD Principle II:	Yes	For the 2018 Annual Stockholders' Meeting, Mr. Erwin V. Toribio, an independent Certified Public Accountant (CPA), was appointed as the Independent Party Tabulatory to count and validate all the votes cast in the said Meeting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>
A.3.17	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM for all resolutions?	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.</i>	Yes	The Minutes of the 2018 Annual Stockholders' Meeting was published on the Company's website on April 10, 2018, or one (1) working day from the date of the Meeting. <a href="#">Minutes of Annual Stockholders' Meeting (April 06, 2018)</a>

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A.3.18	Do companies provide at least 21 days notice for all resolutions?	OECD Principle II:	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. <a href="#">Notice for 2018 Annual Stockholders' Meeting</a>
A.3.19	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	(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.</i>	Yes	Each agenda item identified on the Notice is provided a short explanation for better appreciation and understanding of each stockholder. <a href="#">Notice for 2018 Annual Stockholders' Meeting</a>
<b>A . 4 Markets for corporate control should be allowed to function in an efficient and transparent manner.</b>				
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	OECD Principle II: (E) Markets for corporate control should be allowed to function in an efficient and transparent manner. <i>(1) The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.</i>	No	The Corporation is still in process of creating a policy/procedure relative to this matter.
<b>A.5 The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.</b>				
A.5.1	Does the Company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the Company?	OECD Principle II: (F) <i>The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.</i>	Yes	The Notice for the 2018 Annual Stockholders' Meeting expressly encourages attendance and participation from the stockholders. <a href="#">Notice for 2018 Annual Stockholders' Meeting</a>