

ASEAN CORPORATE GOVERNANCE SCORECARD

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



INSURING GROWTH

PART B EQUITABLE TREATMENT OF SHAREHOLDERS

ITEM NO.	GOVERNING STANDARD	GUIDING REFERENCE	RESPONSE	REFERENCE/ SOURCE DOCUMENT
B . 1 Shares and Voting Rights				
B.1.1	Do the company's ordinary or common shares have one vote for one share?	OECD Principle III: (A) All shareholders of the same series of a class should be treated equally. <i>(1) Within any series of a class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase. Any changes in voting rights should be subject to approval by those classes of shares which are negatively affected.</i>	Yes	This is a default item. Still, this is included in Article I, Section V of the 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"</i> By-Laws, as amended on January 25, 2017 (Article I, Section 5)
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	ICGN 8.3.1 Unequal voting rights Companies ordinary or common shares should feature one vote for one share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power which is disproportionate to their equity ownership should be both disclosed and justified.	Yes	This is a default item. Still, this is included in Article I, Section V of the 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"</i> By-Laws, as amended on January 25, 2017 (Article I, Section 5)
B . 2 Notice of AGM				
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	OECD Principle II: (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 shareholder meetings: <i>(1) 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	All agenda items on the 2018 Annual Stockholders' Meeting were discussed and resolved individually. Minutes of Annual Stockholders' Meeting (April 06, 2018)
B.2.2	Are the company's notices of the most recent AGM/ circulars fully translated into English and published on the same date as the local-language version?	<i>(3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</i>	Yes	The Notice for the 2018 Annual Stockholders' Meeting was in English, the business language in the Philippines. Notice for 2018 Annual Stockholders' Meeting

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Does the notice of AGM/circulars have the following details:				
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	OECD Principle II:	Yes	The profile of each director seeking election was attached as "Annex A" of the Notice for the Annual Stockholders' Meeting, date March 07, 2018. INSERT HYPERLINK (2018 Notice - Director Profile)
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	(A) All shareholders of the same series of a class should be treated equally. (4) Impediments to cross border voting should be eliminated. ICGN 8.3.2 Shareholder participation in governance	Yes	Sycip Gorres Velayo and Co., the External Auditor seeking re-appointment, was clearly identified prior to being subject for approval of the stockholders during the 2018 Annual Stockholders' Meeting. Minutes of Annual Stockholders' Meeting (April 06, 2018)
B.2.5	Has an explanation of the dividend policy been provided?	Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors in an individual basis and also the right to appoint external auditor. ICGN 8.4.1 Shareholder ownership rights	Yes	The Corporation's Dividend Policy is disclosed in the 2018 Annual Report. 2018 Annual Report (Page 9)
B.2.6	Is the amount payable for final dividends disclosed?	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.	Yes	For 2018, no dividends of any kind were declared nor paid to the stockholders. This is disclosed in the 2018 Annual Report. 2018 Annual Report (Page 9)
B.2.7	Were the proxy documents made easily available?		Yes	The Proxy Form was attached as "Annex B" of the Notice for the 2018 Annual Stockholders' Meeting. Proxy Form for 2018 Annual Stockholders' Meeting

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B . 3 Insider trading and abusive self-dealing should be prohibited.				
B.3.1	Does the company have policies and/or rules prohibiting directors/ commissioners and employees to benefit from knowledge which is not generally available to the market?	OECD Principle III: (B) <i>Insider trading and abusive dealing should be prohibited</i> ICGN 3.5 Employee share dealing <i>Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from knowledge which is not generally available to the market.</i>	Yes	This is a default item. Still, the Corporation abides by the provisions of the Securities Regulation Code relative to insider trading.
B.3.2	Are the directors/ commissioners required to report their dealings in company shares within 3 business days?	ICGN 8.5 Shareholder rights of action <i>Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</i>	No	The Corporation is still in the process of identifying a turnaround time in reporting stock transactions.
B . 4 Related party transactions by directors and key executives.				
B.4.1	Does the company have a policy requiring directors/ commissioners to disclose their interest in transactions and any other conflicts of interest?	OECD Principle III: (C) <i>Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.</i>	Yes	This is a default item. Still, the Corporation adopted its Related-Party Transactions (RPT) Policy on November 06, 2017. Related-Party Transactions (RPT) Policy
B.4.2	Does the company have a policy requiring a committee of independent directors/ commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?	ICGN 2.11.1 Related party transactions <i>Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</i> ICGN 2.11.2 Director conflicts of interest <i>Companies should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</i>	Yes	Pursuant to its RPT Policy, the Corporation established its Related-Party Transactions Committee, which met six (6) times in 2018 and which is composed of three (3) members, all of which are Independent Directors, to wit: a. Jovencio F. Cinco (Chairman) b. Cesar C. Cruz c. Ramon M. Garcia 2018 Annual Report (Pages 11, 17-18)

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B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	OECD Principle III: (C) <i>Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.</i> ICGN 2.11.1 Related party transactions <i>Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</i>	Yes	This is a default item. Still, the Corporation adopted its Related-Party Transactions (RPT) Policy on November 06, 2017, which provides that: "Directors shall abstain from participating in the deliberation and approval of any and all transaction from which a conflict of interest may arise." Related-Party Transactions (RPT) Policy
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	ICGN 2.11.2 Director conflicts of interest <i>Companies should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</i>	Yes	Check what can be classified here, Ante-date amendment prior to AGM If not feasible, say NO. Related-Party Transactions (RPT) Policy
B . 5 Protecting minority shareholders from abusive actions				
B.5.1	Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?	OECD Principle III: (A) <i>All shareholders of the same series of a class should be treated equally.</i> (2) <i>Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.</i>	No	The Company practices stringent procedures in ensuring that all transactions, regardless of relationship, follow arm's length terms. In the most recent audit of SGV and Co., there were no material observations on RPTs. 2018 Annual Report (Pages 68-69)
B.5.2	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	ICGN 2.11.1 Related party transactions ICGN 2.11.2 Director conflicts of interest ICGN 8.5 Shareholder rights of action	Yes	Material RPTs entered into by the Corporation are extensively discussed on Note 20 (Related-Party Transactions) on the Annual Report. 2018 Annual Report (Pages 68-69)