

Year 2017 Annual Performance Assessment

Submitted by the Corporate Secretary

The ASEAN Corporate Governance Scorecard (ACGS) which was adopted by the Insurance Commission requires the following:

- a. Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President? (E.5.4);
- b. Is an annual performance assessment conducted of the board of directors/commissioners? (E.5.5);
- c. Does the company disclose the process followed in conducting board assessment? (E.5.6);
- d. Does the company disclose the criteria used in the board assessment? (E.5.7);
- e. Is an annual performance assessment conducted of individual director/commissioner? (E.5.8);
- f. Does the company disclose the process followed in conducting the director/commissioner assessment? (E.5.9);
- g. Does the company disclose the criteria used in the director/commissioner assessment? (E.5.10); and
- h. Is an annual performance assessment conducted of the board of directors/commissioners committees? (E.5.11).

In view of the foregoing, may we please request you to:

- a. accomplish the attached Year 2017 Annual Performance Assessment (which was patterned after the Self-Assessment Questionnaire of the Insurance Commission) of the Board of Directors, the individual Board Members, the Board Committees, and the Chief Executive Officer; and
- b. e-mail a scanned copy of the duly accomplished Assessment Form to Patricia V. Arellano at patricia.v.arellano@prulifeuk.com.ph on or before 16 January 2018.

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
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YEAR 2017 ANNUAL PERFORMANCE ASSESSMENT

Name of the Board Member: _____

Please check (✓) whether the essential standards below are either:

- O - Observed
- NO - Not Observed
- NA - Not Applicable/Relevant

Please feel free to give any remarks/comments.

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
PART I: BOARD OF DIRECTORS’ APPRAISAL				
Meeting				
1. The Board has met regularly to discharge its duties and functions.				
Responsibilities of the Board				
1. Has reviewed and adopted the company’s strategic plans.				
2. Has overseen the proper conduct of the company’s business.				
3. Has identified and implemented the appropriate risk management systems for the company.				
4. Has approved corporate policies in relation to the core areas of operations of the company.				
5. Has adopted plans for the succession, appointment, training and compensation packages for all personnel consistent with the interest of the stakeholders.				
6. Has developed and implemented investors' relations programs.				
7. Has adopted shareholders’ communication policies for the company.				
8. Has reviewed the internal control systems and management information systems of the company.				
9. Has selected and appointed qualified officers to administer its insurance affairs in the course of its business.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
10. Has applied the fit and proper standards on personnel and officers of the company.				
11. Has reviewed and approved material transactions not in the course of the companies ordinary business.				
12. Has established a system of checks and balances on the Board as well as its members.				
13. Has placed an appropriate reporting system in order for the Board to monitor and assess the performance of the company.				
14. Has presented to all its members and shareholders a balanced and understandable assessment of the company's performance and financial condition.				
15. Has appointed a Compliance Officer.				
16. Has hired the services of a Corporate Secretary.				
Constitution of an Effective Board				
1. Has complied with the required number of board members.				
2. Has at least two (2) independent directors.				
3. Has a balance of Executive and Non-Executive Directors.				
4. Has separate role and functions for Chairman and Chief Executive Officer.				
5. Has provided check and balances to ensure that independent, outside views, perspectives and judgments are given proper hearing.				
Board Balance				
1. Has a balance of Executive and Non-Executive Directors in the Board.				
2. Has determined the independency of a director, in character and judgment.				
Multiple Board Seats				
1. Has the optimum number of directorships related to the capacity of duties performed.				
2. Has the directors submitted themselves to a low indicative limit on membership in other corporate boards or those who serve full time in other corporations.				
PART II: INDIVIDUAL BOARD MEMBERS' APPRAISAL				
1. Each director has made decisions objectively in the interest of the company.				
2. Each Non-Executive Director has scrutinized the performance of management in meeting agreed goals and objectives and monitored performance report.				
3. Each Non-Executive Director has constructively challenged and help developed strategic proposals for the company.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
4. Each Non-Executive Director has satisfied himself of the integrity of financial information and the financial controls and systems of risk management are robust and defensible.				
Qualifications of Each Director				
1. Each director is possessed of the necessary skills, competence and experience, in terms of management capabilities preferably in the field of insurance or insurance-related disciplines.				
2. Each director is a person of integrity and credibility.				
3. Each director owns at least one (1) share of the capital stock of the corporation whose share should be in his name and recorded in the books of the corporation.				
4. Each director is at least twenty-five (25) years of age at the time of his appointment.				
Independent Directors				
1. Each independent director has not been an officer or employee of the corporation, its subsidiaries or affiliates or related interests for at least three (3) years immediately preceding his term or incumbency.				
2. Each independent director has not been related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or majority shareholder of the company or any of its related companies.				
3. Each independent director has not been a director or officer of the related companies of the institution's majority shareholders.				
4. Each independent director has not been a majority shareholder of the company, any of its related companies, or of its majority shareholder.				
5. Each independent director has not been acting as nominee or representative of any director or substantial shareholder of the company, any of its related companies or any of its substantial shareholders.				
6. Each independent director has been free from any business or other relationships with the institution or any of its major stockholders which could materially interfere with the exercise of his judgment, i.e., has not engaged and have not engaged in any transaction with the institution or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or director or through a firm of which he is a partner, director or a shareholder.				
Duties and Responsibilities – Each Director has:				
1. Conducted fair business transactions with the company to ensure personal interest does not bias board decisions.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
2. Avoided situations that would give rise to a conflict of interest.				
3. Not used his position to profit or acquire benefits or advantages for himself and/or his related interest.				
4. Acted honestly in good faith and with loyalty to the best interest of the institution, its stockholders, (regardless of the amount of their stockholdings) and other stakeholders such as its policyholders, investors, borrowers, clients and the public in general.				
5. Devoted time and attention necessary to properly discharge their duties and responsibilities.				
6. Acted judiciously in making decisions.				
7. Exercised independent judgment.				
8. A working knowledge of the statutory and regulatory requirements affecting the institution, including the contents of its articles of incorporation and by-laws, the requirements of the Insurance Commission, and where applicable, the requirements of other government agencies.				
9. Observed confidentiality on non-public information.				
PART III: NOMINATION COMMITTEE’S APPRAISAL				
1. There have been formal, rigorous and transparent procedures for the appointment of a new director.				
2. Appointments to the Board have been based on merit and against subjective criteria.				
3. Careful deliberation and consideration have been done to ensure that all appointees have enough time for the job.				
4. Have in-place or plans or set-ups for orderly succession to the Board in maintaining a balance of appropriate skills and experiences within the Board.				
5. Has reviewed and evaluated the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board of Directors.				
6. Has prepared a description of the roles and capabilities required of a particular appointment.				
7. Has prepared job specifications for the position of the chairman, including an assessment of the time commitment expected of him recognizing the need for his availability in the event of crisis.				
8. Other significant commitment of the Chairman has been disclosed to the Board before his appointment. Any change thereof has been reported to the Board.				
9. Non-Executive Directors have sufficient time to meet and do what is expected of them.				
10. Other significant commitment of the Non-Executive Directors have been disclosed to the Board before their appointment and the Board has been informed of subsequent changes.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
11. The Nomination Committee has considered the following guidelines in the determination of the number of directorship for the Board: a. The nature of the business of the corporation, which he is a director; b. Age of the director; c. Number of directorship/active memberships and officerships in other corporations or organizations; and d. Possible conflict of interest.				
12. The optimum number of members has been proportional to the capacity of a director to perform his duties diligently.				
PART IV: AUDIT COMMITTEE’S APPRAISAL				
1. Has been comprised of independent board members, preferably with accounting and finance experiences.				
2. Has provided oversight of the institution's internal and external auditors.				
3. Has been responsible for the setting-up of the internal audit department and for the appointment of the internal auditors as well as the independent external auditors.				
4. Has monitored and evaluated the adequacy and effectiveness of the company's internal control system.				
5. The internal audit function has been independent of the activities they audit and has performed with impartiality and due professional care.				
6. The Audit Committee has elevated to international standards the accounting and auditing processes, practices and methodologies.				
7. Developed a definitive time table within which the accounting system of the corporation will be 100% International Accounting Standard compliant as well as furnishing an accountability statement that will specifically Identify officers and/or personnel directly responsible for the accomplishment of such task.				
8. Corporate Independence has been maintained so as not to compromise the interests of policyholders, claimants, creditors, minority shareholders and other stakeholders.				
PART V: REMUNERATION COMMITTEE’S APPRAISAL				
1. It has judged/planned where to position the company relative to other companies.				
2. It has monitored the structure and level of remunerations for senior management.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
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PART VI: RISK COMMITTEE’S APPRAISAL				
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1. The Board has ensured that an effective system of controls is in place for safeguarding the corporation’s assets.				
2. Major risks facing the corporation which are likely to affect the performance and the approach taken by the management in dealing with these risks, has been reported to the Board on effectively addressing said risks.				
3. The Board has ensured that reports accurately reflect the financial condition and the results of corporate operations.				
4. The Board has regularly reviewed the company’s risk management system of securing adherence to key internal policies as well as to significant laws and regulations that apply to it. An effective and comprehensive internal audit of the corporation’s internal control system has been carried out by independent and competent staff. Audit findings and recommendations are reported to the Board and the senior management level of the corporation.				
5. The Board has protected the shareholder’s value through adequate financial controls. The Board has fostered and encouraged a corporate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and code of conduct.				

PART VII: CHIEF EXECUTIVE OFFICER’S APPRAISAL				
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1. Attended the most recent annual shareholders’ meeting.				
2. The role of the Chief Executive Officer is separate to the Chairman of the Board to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.				
3. Covered by a lower indicative limit for membership in other boards.				
4. Initiated and developed corporate objectives and policies and formulate long range project, plans and programs.				
5. General supervision and management of the business affairs and property of the company.				
6. Ensure that the administrative and operational policies of the company are carried out under his supervision and control.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
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Please let us know if you have other comments regarding the Board of Directors, the individual Board Members, the Board Committees, and the Chief Executive Officer. Please also include any suggestions you may have to further improve the Board and Committee Meetings and Education Session. Thank you.
