

Year 2019 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 2019 Annual Performance Assessment of the Board of Directors, the individual Board members, the Board Committees, and the Chief Executive Officer. This assessment form was patterned after the Self-Assessment Questionnaire of the Corporate Governance Principles and Leading Practices (“CGPLP”) of the Insurance Commission (IC CL 31-2005) and the ACGS; and
- b. e-mail a scanned copy of the duly accomplished Assessment Form to **Donna A. Mendoza** at **donna.a.mendoza@prulifeuk.com.ph** on or before **13 January 2020**.

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
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YEAR 2019 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 Based on the IC Code of Corporate Governance and the Asean Corporate Governance Scorecard	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
PART I: BOARD OF DIRECTORS’ APPRAISAL				
Meeting				
1. The Board met regularly to discharge its duties and functions.				
Responsibilities of the Board				
The Board				
1. Reviewed and adopted the company’s strategic plans.				
2. Oversaw the proper conduct of the company’s business.				
3. Identified and implemented the appropriate risk management systems for the company.				
4. Approved corporate policies in relation to the core areas of operations of the company.				
5. Adopted plans for the succession, appointment, training and compensation packages for all personnel consistent with the interest of the stakeholders.				
6. Developed and implemented investors' relations programs.				N/A (PCHL as sole shareholder)
7. Adopted shareholders’ communication policies for the company.				
8. Reviewed the internal control systems and management information systems of the company.				
9. Selected and appointed qualified officers to administer its insurance affairs in the course of its				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
business.				
10. Applied the fit and proper standards on personnel and officers of the company.				
11. Reviewed and approved material transactions not in the course of the company’s ordinary business.				
12. Established a system of checks and balances for the Board as well as its members.				
13. Has an appropriate reporting system in place in order for the Board to monitor and assess the performance of the company.				
14. 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. Hired the services of a Corporate Secretary to carry out the duties the post entails.				
Constitution of an Effective Board				
1. 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 a separate role and function for the Chairman and the Chief Executive Officer.				
5. The independent directors are independent of management and major / substantial shareholders				
6. The Company has a term limit of nine (9) years or less for its independent directors.				
7. Different persons assume the roles of Chairman and Chief Executive Officer.				
8. The Chairman is an independent director.				
9. The Chairman was not the company CEO for the past three (3) years.				
10. At least one (1) non-executive director has prior working experience in the major sector that the company is operating in.				
11. None of the directors are former employees or partners of the current external auditor.				
12. None of the directors are the former CEO of the company in the past two (2) years.				
13. None of the directors have been convicted of insider trading in the past three (3) years.				
14. Has provided checks and balances to ensure that independent, outside views, perspectives and judgments are given proper hearing.				
Board Balance				
1. Has determined the independency of each director, in character and judgment.				
2. The independent directors make up at least 50% of the Board of Directors.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
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3. The independent directors make up more than 50% of the Board of Directors.				
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4. The company has at least one (1) female independent director.				
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Multiple Board Seats				
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1. The optimum number of directorships related to the capacity of duties performed.				
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2. The CEO and other executives, like the independent directors, submitted themselves to a low indicative limit on membership in other corporate boards or those who serve full time in other corporations.				
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3. The company has set a limit on board seats:																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Type of Director in Pru Life</th> <th style="text-align: center;">Director in another company (*with an executive position)</th> <th style="text-align: center;">Director in another company (with a non-executive position)</th> </tr> </thead> <tbody> <tr> <td>CLASS 1 Executive Directors</td> <td>Max. of four (4)</td> <td>---</td> </tr> <tr> <td>CLASS 2 Independent² and non-executive director</td> <td>If full-time executive: Max. of four (4) If NOT a full-time executive: No limit</td> <td>No limit</td> </tr> <tr> <td>CLASS 3 Not independent and non- executive director</td> <td>No limit</td> <td>Max. of five (5)</td> </tr> </tbody> </table>	Type of Director in Pru Life	Director in another company (*with an executive position)	Director in another company (with a non-executive position)	CLASS 1 Executive Directors	Max. of four (4)	---	CLASS 2 Independent ² and non-executive director	If full-time executive: Max. of four (4) If NOT a full-time executive: No limit	No limit	CLASS 3 Not independent and non- executive director	No limit	Max. of five (5)				
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CLASS 1 Executive Directors	Max. of four (4)	---														
CLASS 2 Independent ² and non-executive director	If full-time executive: Max. of four (4) If NOT a full-time executive: No limit	No limit														
CLASS 3 Not independent and non- executive director	No limit	Max. of five (5)														

4. The company does not have any independent directors who serve as directors in more than five (5) publicly-listed companies.				
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5. The company does not have an executive director who serves as director in more than two (2) listed companies outside of the group.				
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PART II: INDIVIDUAL BOARD MEMBERS' APPRAISAL				
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1. Each director made decisions objectively in the interest of the company.				
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2. Each Non-Executive Director scrutinized the performance of management in meeting agreed goals and objectives and monitored performance report.				
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3. Each Non-Executive Director constructively challenged and helped developed strategic proposals for the company.				
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4. Each Non-Executive Director satisfied himself of the integrity of financial information and that the financial controls and systems of risk management are robust and defensible.				
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Qualifications of Each Director				
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Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
1. Each director possesses 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				
Each independent director:				
1. Is or was not a regular director, officer or employee of the company, its subsidiaries or affiliates or related entities during the last three (3) years counted from the date of election.				
2. Is not or was not a regular director, officer, or employee of the company’s substantial stockholders and their related companies during the past 3 years counted from the date of election.				
3. Is not an owner of more than 2% of the outstanding shares or a stockholder with shares of stock sufficient to elect 1 seat in the board of directors of the company, or in any of its related companies or of its majority corporate stockholders.				
4. Is not a relative by consanguinity or affinity within the 4th degree of any director, officer or shareholder holding shares of stock sufficient to elect 1 seat in the Board of the company or any of its related companies or any of its substantial stockholders.				
5. Is not acting as a nominee or representative of any director or substantial shareholder of the company, any of its related companies or any of its substantial shareholders.				
6. Is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the company, any of its related entities or any of its substantial shareholders, either in his personal capacity or through his firm during the past 3 years counted from the date of his election.				
7. Is not a securities broker-dealer of listed companies and registered issuer of securities.				
8. Is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, other than transactions which are conducted at arm’s length and could not materially interfere with or influence the exercise of his judgment.				
9. Was not appointed in the company, its subsidiaries, affiliates or related companies as Chairman “Emeritus”, “Ex-Officio”, regular director, officer, or member of an advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its functions during the past 3 years				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
counted from the date of election.				
10. Is not affiliated with any non-profit organization that receives significant funding from the company or any of its related companies or substantial shareholders.				
11. Is not employed as an executive officer of another company where any of the covered entity’s executives serve as regular directors.				
Duties and Responsibilities				
Each Director has:				
1. Conducted fair business transactions with the company to ensure personal interest does not bias board decisions.				
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. Comprised of a majority of independent directors.				
2. The Chairman is an independent director.				
3. There exists formal, rigorous and transparent procedures for the appointment of a new director.				
4. Appointments to the Board have been based on merit and against subjective criteria.				
5. The Committee has carefully deliberated and considered that all appointees have enough time for the job.				
6. The Committee has adopted a succession plan for the Board and senior management to ensure a balance of appropriate skills and experiences within the company and the Board.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
7. The Committee 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.				
8. The Committee prepared a description of the roles and capabilities required of a particular appointment.				
9. The Committee 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.				
10. Other significant commitments of the Chairman have been disclosed to the Board before his appointment and have been included in the Company’s Annual Report. Any change thereof has been reported to the Board for inclusion in the next Annual Report.				
11. Non-Executive Directors have sufficient time to meet and do what is expected of them.				
12. Other significant commitments of the Non-Executive Directors have been disclosed to the Board and the Board has been informed of any subsequent changes.				
13. The Committee has considered the following guidelines in the determination of the number of directorship for the Board: a. Nature of the business of the company; b. Age of the director; c. Number of directorship/active memberships and officerships in other corporations or organizations; and d. Possible conflict of interest.				
14. The optimum number of members is proportional to the capacity of a director to perform his duties diligently.				
PART IV: AUDIT COMMITTEE’S APPRAISAL				
1. The Committee is comprised of independent board members, preferably with accounting and finance experiences.				
2. The Committee is comprised entirely of non-executive directors with a majority of independent directors.				
3. The Chairman is an independent director.				
4. At least one (1) independent director of the Committee has accounting expertise (accounting qualification or experience).				
5. The Committee provided oversight of the institution's internal and external auditors.				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
6. The Committee is 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.				
7. The Committee monitored and evaluated the adequacy and effectiveness of the company's internal control system.				
8. The Committee has ensured that the internal audit function has been independent of the activities audited and has performed with impartiality and due professional care.				
9. The Committee has elevated to international standards the accounting and auditing processes, practices and methodologies.				
10. The Committee developed a definitive time table within which the accounting system of the company will be 100% International Accounting Standard compliant with an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.				
11. 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. Composed of at least three (3) members, one of whom is an independent director.				
2. Comprised of a majority of independent directors.				
3. The Chairman is an independent director.				
4. It has judged/planned where to position the company relative to other companies.				
5. It has monitored the structure and level of remuneration for senior management.				
PART VI: RISK COMMITTEE’S APPRAISAL				
1. The Committee has ensured that an effective system of controls is in place for safeguarding the corporation’s assets.				
2. Major risks facing the company which are likely to affect the performance and the approach taken by management in dealing with these risks, have been reported to the Board on effectively addressing said risks.				
3. The Committee has ensured that reports accurately reflect the financial condition and the results of company operations.				
4. The Committee 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 company’s internal control system has been carried				

Essential Standards	O	NO	NA	Remarks/Comments – Please explain “NO” and “NA” responses.
out by independent and competent staff. Audit findings and recommendations are reported to the Board and the senior management level of the company.				
5. The Committee has protected the shareholder’s value through adequate financial controls. It 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: RELATED PARTY TRANSACTIONS’ APPRAISAL				
1. Overlapping interests in the insurance entity has been disclosed to the Board and any material transaction involving such interests has been similarly disclosed.				
2. Related-party transactions have been conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the insurance corporation, its policyholders, creditors and claimants.				
3. Related party transactions have been disclosed fully to Board. Prior Board approval has been obtained for related party transactions that are material in nature.				
PART VIII: CHIEF EXECUTIVE OFFICER’S APPRAISAL				
1. Attended the most recent annual shareholders’ meeting.				
2. The role of the Chief Executive Officer is separate from 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 formulated long range project, plans and programs.				
5. General supervision and management of the business affairs and property of the company.				
6. Ensured that the administrative and operational policies of the company are carried out under his supervision and control.				

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.
