

ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS) QUESTIONNAIRE

(Property of ACMF)

Version: 2014

LEVEL 1

PART B: EQUITABLE TREATMENT OF SHAREHOLDERS

B.1 Shares and Voting Rights			Yes or No	Points	Remarks
B.1.1	Do the company's ordinary or common shares have one vote for one share?	<p>OECD Principle III (A) All shareholders of the same series of a class should be treated equally. (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.</p>	Y	1	DEFAULT
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)?	<p>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-votes' standard which gives certain shareholders power which is disproportionate to their equity ownership should be both disclosed and justified.</p>	Y	1	DEFAULT
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?	<p>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: (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. (3) Effective shareholder participation in key corporate governance decisions, such as the nominations and election of board members, should be facilitated.</p>	Y	1	<p>Source: Minutes of Meeting of the Stockholders 2015, Page 2</p> <p>The Chairman stated that copies of the audited financial statements for the period ended December 31, 2014 were distributed to the stockholders prior to this meeting. He then asked if there were any questions on the financial statements of the Company and there being none, upon motion made and seconded, the stockholders approved and adopted the following resolution: RESOLVED, that the Board of Directors of Republic Surety and Insurance Company, Inc. (the "Corporation") hereby approves, confirms and authorizes the issuance of the Corporation's audited financial statements for the period ended December 31, 2014."...</p> <p>http://republic-insurance.ph/wp-content/uploads/2016/06/2015-AGM-Minutes-of-the-Meeting.pdf</p>
B.2.2	Is the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?		N	0	
<i>Does the notice of AGM/circulars have the following details:</i>					
B.2.3	Are the profiles of the directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?		N/A	0	Not applicable. Republic is a wholly-owned subsidiary of Meralco, thus having only one major shareholder.
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	<p>OECD Principle II (A) All shareholders of the same series of a class should be treated equally. (4) Impediments to cross border voting should be eliminated.</p>	Y	1	<p>Source: Minutes of Meeting of the Stockholders 2011, Page 2</p> <p>APPOINTMENT OF EXTERNAL AUDITORS The next item of business was the appointment of the external auditors of the corporation. Whereupon, on motion duly made and seconded, it was unanimously – RESOLVED, that the accounting firm of KPMG Manabat Sanagustin & Company, Certified Public Accountants, is hereby retained as the corporation's External Auditors.</p> <p>http://republic-insurance.ph/wp-content/uploads/2013/04/2011-Stockholders-Meeting-Minutes.pdf</p>
B.2.5	Has an explanation of the dividend policy been provided?	<p>ICGN 8.3.2 Shareholder participation in governance 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 right to appoint external auditor.</p> <p>ICGN 8.4.1 Shareholder ownership rights 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.</p>	Y	1	<p>Source: Minutes of Meeting of the Stockholders 2011, Page 2</p> <p>The President reported the stock dividend declaration by Board of Directors in compliance with the minimum capitalization requirement of the Department of Finance Order No. 27-2006 of One Hundred Seventy Five Million Pesos (Php 175,000,000.00) by the end of 2011 for ratification by the stockholders. Upon motion duly made and seconded, the stockholders approved the following resolutions: RESOLVED, as it is hereby resolved, that the stockholders of Republic Surety and Insurance Company, Incorporated (the "Company") authorize,...</p> <p>http://republic-insurance.ph/wp-content/uploads/2013/04/2011-Stockholders-Meeting-Minutes.pdf</p> <p>Source: Minutes of Meeting of the Stockholders 2011, Page 2</p>

B.2.6	Is the amount payable for final dividends disclosed?		Y	1	The President reported the stock dividend declaration by Board of Directors in compliance with the minimum capitalization requirement of the Department of Finance Order No. 27-2006 of One Hundred Seventy Five Million Pesos (Php 175,000,000.00) by the end of 2011 for ratification by the stockholders. Upon motion duly made and seconded, the stockholders approved the following resolutions: RESOLVED, as it is hereby resolved, that the stockholders of Republic Surety and Insurance Company, Incorporated (the "Company") authorize,...
B.2.7	Were the proxy documents made easily available?		N/A	0	Not applicable. Republic is a wholly-owned subsidiary of Meralco, thus having only one major shareholder.
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?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 3.5 Employee share dealing 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.</p> <p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	Y	1	DEFAULT
B.3.2	Are the directors/commissioners required to report their dealings in company shares within 3 business days?	<p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	N/A	0	Not applicable. Republic is a wholly-owned subsidiary of Meralco, thus having only one major shareholder.
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?		Y	1	DEFAULT
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	<p>OECD Principle III (C) 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.</p> <p>ICGN 2.11.1 Related party transactions 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.</p> <p>ICGN 2.11.2 Director conflicts of interest 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.</p>	Y	1	<p>Source: Corporate Governance Manual</p> <p>6.2. The Board's internal control mechanisms for the Board's oversight responsibility may include: (Page 10)</p> <p>f. Review of the Company's personnel and human resource policies and sufficiency, conflict of interest situations, changes in the compensation plan for employees and succession plan for officers and management.</p> <p>7.0 Related Party Transactions (Page 29-30)</p> <p>a. Overlapping interests in the insurance entity shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.</p> <p>b. Related party transaction shall be 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. In all cases, the provision of Title 20, Chapter III of the Insurance Code shall be complied with.</p> <p>c. Related party transactions shall be disclosed fully to the Board. Prior Board approval shall be obtained for related party transaction that are material in nature</p> <p>http://republic-insurance.ph/wp-content/uploads/2013/04/RSIC-Corporate-Governance-Manual.pdf</p>
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?		Y	1	DEFAULT
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?		Y	1	DEFAULT
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?	<p>OECD Principle III (A) All shareholders of the same series of a class should be treated equally. (2) 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.</p> <p>ICGN 2.11.1 Related party transactions 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 best interests of the company and if so to determine what terms are fair.</p> <p>ICGN 2.11.2 Director conflicts interest 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.</p>	N	1	
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?	<p>ICGN 8.5 Shareholder rights of action Shareholders should be afforded rights of action and remedies which are readily accessible in order to redress conduct of the company which treats them inequitably. Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	Y	1	<p>Source: Annual Report, FS Notes, Page 60</p> <p>RELATED PARTY TRANSACTION AND RELATIONSHIPS Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.</p> <p>http://republic-insurance.ph/wp-content/uploads/2016/06/2015-Republic-Annual-Report.pdf</p>