

ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS) QUESTIONNAIRE

(Property of ACMF)

Version: 2014

LEVEL 1

PART D: DISCLOSURE AND TRANSPARENCY

D.1 Transparent ownership structure			Yes or No	Points	Remarks
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	<p>OECD Principles V: Disclose and Transparency (A) Disclosure should include, but not limited to, material information on:</p> <p>(3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, and beneficial ownership.</p> <p>ICGN 7.6 Disclosure of ownership ...the disclosure should include a description of the relationship of the company to other companies in the corporate group, data on major shareholders and any others information necessary for a proper understanding of the company's relationship with its public shareholders.</p>	Y	1	Source: Annual Report, Ownership and Corporate Structure, Page 37-39 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?		Y	1	Source: Annual Report, Ownership and Corporate Structure, Page 37-39 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?		Y	1	Source: Annual Report, Ownership and Corporate Structure, Page 37-39 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?		Y	1	Source: Annual Report, Ownership and Corporate Structure, Page 37-39 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?		N/A	0	
D.2 Quality of Annual Report					
<i>Does a company's annual report disclose the following items :</i>					
D.2.1	Key risk	<p>"OECD Principles V (A):</p> <p>(1) The financial and operating results of the company; (2) Company objectives, including ethics, environment, and other public policy commitments; (3) Major share ownership and voting</p>	Y	1	Source: Annual Report, Key Risk, Page 14 Insurance Risk Financial Risk Credit Risk Liquidity Risk Market Risk Interest Rate Risk Foreign Currency Risk Price Risk http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.2	Corporate objectives		Y	1	Source: Annual Report, Objectives, Page 8 Profitability Market Share Corporate Governance Corporate Social Responsibility Active leadership in the field of Risk Management http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.3	Financial performance indicators		Y	1	Source: Annual Report, Company Highlights, Pages 11 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.4	Non-financial performance indicators		Y	1	Source: Annual Report, President's Message, Page 9 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf

D.2.5	Dividend policy	rights, including group structures, intra-group relations, ownership data, beneficial ownership; (4) Remuneration policy for members of the board and key executives, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board; (6) Foreseeable risk factors, including risk management system; (7) Issues regarding employees and other stakeholders; (8) Government structure and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.	Y	1	VII. INVESTOR'S RIGHTS AND PROTECTION The Board shall commit to respect the following rights of the stockholders: 5.0 Right to Dividends Stockholders shall have the right to receive declared dividends subject to the procedures prescribed by the Board. The Company shall be compelled to declare dividends when its retained earnings exceeds 100% of its paid –in- capital stock, except: a. When justified by definite corporate expansion projects or programs approved by the Board; or b. When the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the company, such as when there is a need for special reserve for probable contingencies. http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.6	Details of whistle-blowing policy	OECD Principles V (E): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users. ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence ICGN 5.0 Remuneration ICGN 5.4 Transparency UK Corporate Governance Code (2010) A.1.2 - the number of meetings of the board and those committees and individual attendance by directors. CLSA-ACGA (2010) CG Watch 2010 - Appendix 2 (I) CG rules and practices (19) Disclose the exact remuneration of individual directors.	Y	1	IX. Implementation and Monitoring 3. Organization Heads have the responsibility for the monitoring, ensuring, and enforcing compliance with this Code within their area of jurisdiction. The Organization Heads shall also be responsible for reporting noncompliance with this Code to their hierarchy whenever appropriate, including taking or implementing disciplinary actions after proper exercise of due process. 4. Our Company's directors, officers and employees have the duty to Report any observed violations of this Code and to communicate the same to our supervisors and immediate Heads, when appropriate. Our Company shall take steps to ensure the protection of those who report violations in good faith. On the other hand, our Company shall impose sanctions on those who attempt to conceal or hamper the investigation of any violation of this Code. Our Company shall take all reports of potential violations of this Code seriously and are committed to confidentiality and exercise of due process for the investigation of allegations. Employees who are under investigation for potential violation of this Code will have an opportunity to be heard prior to any final decision of our Company. 5. Any administrative investigation or penalty imposed under the provisions of this Code shall be independent of, and without prejudice to, any other legal action that may be instituted against the party concerned under existing laws and regulations. http://republic-insurance.ph/wp-content/uploads/2013/04/RSIC-Code-of-Ethics.pdf
D.2.7	Biographic details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners		Y	1	Source: Annual Report, Board of Directors, Page 29 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.8	Training and/or continuing education programme attended by each director/commissioner		N	0	
D.2.9	Number of board of directors/commissioners meetings held during the year		Y	1	Source: Annual Report, Board Meetings, Page 32 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.10	Attendance details of each director/commissioner in respect of meetings held		Y	1	Source: Annual Report, Board Meetings, Page 32 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.2.11	Details of remuneration of each member of the board of directors/commissioners		N	0	
Corporate Governance Confirmation Statement					
Source: Annual Report, Corporate Governance, Page 23					

D.2.12	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identity and explain reasons for each such issue?	<p>OECD PRINCIPLE V (A) (8) UK CODE (JUNE 2010): Listing Rules 9.8.6 R (for UK incorporated companies) and 9.8.7 R (for overseas incorporated companies) state that in the case of a company that has a Premium listing of equity shares, the following items must be included in its Annual Report and accounts: a statement of how the listed company has applied the Main Principles set out in the UK CG Code, in a manner that would enable shareholders to evaluate how the principles have been applied; a statement as to whether the listed company has complied throughout the accounting period with all relevant provisions set out in the UK CG Code; or not complied throughout the accounting period with all relevant provisions set out in the UK CG Code, and if so, setting out: (i) those provisions, if any, it has not complied with; (ii) in the case of provisions whose requirements are of continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and (iii) the company's reasons for non-compliance.</p> <p>ASX CODE: Under ASX Listing Rule 4.10.3, companies are required to provide a statement in their Annual report disclosing the extent to which they have followed the Recommendations in the reporting period. Where companies have not followed all the Recommendations, they must identify the Recommendations that have not been followed and give reasons for not following them. Annual Reporting does not diminish the company's obligation to provide disclosure under ASX Listing Rule 3.1.</p>	Y	1	<p>At Republic, our Board of Directors, officers, managers and employees commit to the fundamental principles of sound corporate governance and acknowledge that these are necessary components of a robust strategic business management that will further enhance the value of our Company to all stakeholders involved. Our Manual on Corporate Governance, available for download on our corporate website, is adopted pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 6, series of 2009 (Revised Code of Corporate Governance) issued on July 15, 2009, as well as Insurance Commission (IC) Circular Letter 31-2005 issued September 26, 2005, in order to achieve policyholder and market investor's confidence and sustain the growth of the insurance industry, ultimately contributing to the country's economic well-being.</p> <p>http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf</p>
D.3 Disclosure of related party transactions (RPT)					
D.3.1	Does the company disclose its policy covering the review and approval of material/significant RPTs?	<p>OECD Principles V: Disclosure and Transparency (A) Disclosure should include, but not limited to, material information on: (5) Related party transactions</p>	Y	1	<p>Source: Corporate Governance Manual</p> <p>3.0 Duties and Responsibilities of the Board (Page 5) 3.15 Review and approve material transactions not in the company's ordinary course of business. 6.2. The Board's internal control mechanisms for the Board's oversight responsibility may include: (pg. 10) 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>http://republic-insurance.ph/wp-content/uploads/2013/04/RSC-Corporate-Governance-Manual.pdf</p>
D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?	<p>ICGN 2.11.1 Related party transactions The company should disclose details of all material related party transactions in its Annual Report.</p>	Y	1	<p>Source: Annual Report, Disclosure on Related Party Transactions (RPTs), page 85</p> <p>"Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence..."</p> <p>http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf</p>
D.3.3	Does the company disclose the nature and value for each materia/significant RPT?		Y	1	<p>Source: Annual Report, Disclosure on Related Party Transactions (RPTs), page 85</p> <p>"Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence..."</p> <p>http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf</p>
D.4 Directors and commissioners dealings in shares of the company					

D.4.1	Does the company disclose trading in the company's shares by insiders?	<p>OECD Principles V (A): (3) Major share ownership and voting rights</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.</p> <p>ICGN 5.5 Share ownership Every company should have and disclose a policy concerning ownership of shares of the company by senior managers and executive directors with the objective of aligning the interests of these key executives with those of shareholders.</p>	N/A	0	Not applicable. Republic is a wholly-owned subsidiary of Meralco, thus having only one major shareholder.
D.5 External auditor and Auditor Report					
D.5.1	Are audit fees disclosed?	<p>OECD Principle V (C): An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p>	Y	1	<p>Source: KPMG - RSIC Engagement Letter</p> <p>We estimate our audit fees for this service to be Two Hundred Eighty Thousand Pesos only (P280,000), exclusive of out of pocket expenses and of the 12% value added tax (VAT) on general professional partnership. As a general professional partnership, please be advised that income payments to RGM&Co. remain exempt from withholding taxes.</p> <p>http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Audit-Fees.pdf</p>
Where the same audit firm is engaged for both audit and non-audit services		OECD Principle V (D):			
D.5.2	Are the non-audit fees disclosed?	External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.	N/A	0	
D.5.3	Does the non-audit fee exceed the audit fees?	<p>ICGN 6.5 Ethical standards (Audit) The auditors should observe high-quality auditing and ethical standards. To limit the possible risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the audit committee and disclosed in the AnnualReport.</p>	N/A	0	
D.6 Medium of communications					
Does the company use the following modes of communications?					
D.6.1	Quarterly reporting	<p>OECD Principle V (E): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p>	Y	1	<p>Source: Annual Report, Governance Compliance, Page 24</p> <p>Republic has consistently complied with the disclosure and reportorial requirements of the Insurance Commission (IC). In 2016, these included...</p> <p>http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf</p>
D.6.2	Company website	<p>ICGN 7.1 Transparent and open communication Every company should aspire to transparent and open communication about its aims, its challenges, its achievements and its failures.</p> <p>ICGN 7.2 Timely disclosure Companies should disclosure relevant and material information concerning themselves on a timely basis, in particular meeting market guidelines where they exist, so as to follow investors to make informed decisions about the acquisition, ownership obligations and rights, and</p>	Y	1	http://republic-insurance.ph/
D.6.3	Analyst's briefing		N/A	0	

D.6.4	Media briefings/press conferences	sales of shares.	N/A	0	
D.7 Timely filing/release of annual/financial reports					
D.7.1	Are the audited annual financial report/ statement released within 120 days from the financial year end?	OECD Principle V (C): OECD Principle V (E) OECD Principle V-(A). ICGN 7.2 Timely disclosure ICGN 7.3 Affirmation of financial statements The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.	Y	1	Source: Website, External Auditor, 2016 Report of Independent Auditors http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Report-of-Independent-Auditors.pdf
D.7.2	Is the annual report released within 120 days from the financial year end?		N	0	
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?		Y	1	Source: Annual Report, Financial Reports, Page 44 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf Source: Minutes of Meeting of the Stockholders 2016, Page 2 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, 2015." http://republic-insurance.ph/wp-content/uploads/2017/06/2016-AGM-Minutes-of-the-Meeting.pdf
D.8 Company website					
Does the company have a website disclosing up-to-date information on the following:					
D.8.1	Business operations	OECD Principle V (A) OECD Principle V (A) ICGN 7.1 Transparent and open communication ICGN 7.2 Timely disclosure	Y	1	Source: Website Republic Surety & Insurance Co., Inc., is a wholly owned non-life insurance subsidiary of Meralco. Taken over in March 2007 under the leadership of its President Dr. Pedro P. Benedicto, Jr. Republic has been tasked to underwrite Meralco's risk exposures and address all its insurance needs including its subsidiaries. Republic has quickly began to assist Meralco in rationalizing its insurance programs with the aid of engineering surveys and risk management approaches, thus saving Meralco not only substantial premiums but also cost effective cover designs and proactive claims management. Envisioning itself as the country's Total Risk Solution Provider... http://republic-insurance.ph/the-company/
D.8.2	Financial statement/reports (current and prior years)		Y	1	Source: Annual Report, Page 47 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.8.3	Material provided in briefings to analysts and media				
D.8.4	Shareholding structure		Y	1	Source: Website: Annual Report, Ownership and Corporate Structure, Page 37-39 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.8.5	Group corporate structure		Y	1	Source: Website: Annual Report, Ownership and Corporate Structure, Page 37-39 http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.8.6	Downloadable annual report		Y	1	http://republic-insurance.ph/wp-content/uploads/2017/06/2016-Annual-Report.pdf
D.8.7	Notice of AGM and/ or EGM		N/A	0	Not applicable. Republic is a wholly-owned subsidiary of Meralco.
D.8.8	Minutes of AGM and/or EGM		Y	1	
D.8.9	Company's constitution (company's by-laws, memorandum and articles of association)		Y	1	Source: Website: Corporate Governance Page http://republic-insurance.ph/wp-content/uploads/2013/07/Articles-of-Incorporation.pdf

					http://republic-insurance.ph/wp-content/uploads/2013/07/By-Laws.pdf
D.9 Investor relations					
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer/officer responsible for investor relations?	ICGN 7.1 Transparent and open communication	N/A	0	Not applicable. Republic is a wholly-owned subsidiary of Meralco, thus having only one major shareholder.