

# ASEAN CORPORATE GOVERNANCE SCORECARD

**NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES**  
2023 - 2024

## LEVEL 1

## B. Sustainability and Resilience

B.1	Sustainability-related disclosure should be consistent, comparable and reliable, and include retrospective and forward-looking material information that a reasonable investor would consider important in making an investment or voting decision	Guiding Reference	Answer	Remarks / Reference
<i>Material Sustainability-related information should be specified</i>				
B.1.1	Does the company identify/report ESG topics that are material to the organization's strategy?	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.1. Sustainability-related information could be considered material if it can reasonably be expected to influence an investor's assessment of a company's value, investment or voting decisions.</p> <p>ICGN (2021) PRINCIPLE 7: 7.7 Materiality and sustainability Sustainability disclosures should focus on materially relevant factors, with many environmental and social factors being sector specific, linked to the company's management of its natural and human capital. Where possible, sustainability related reporting should also seek to address "double materiality", for reporting on the company's external impacts on society and the environment, as well as internal impacts on the company's own financial performance. Moreover, boards should build an awareness of "dynamic materiality", recognizing that materiality evolves over time alongside factors including emerging technology, product innovation and regulatory developments.</p>	Yes	<p><a href="#">Nat Re 2023 Sustainability Report</a> Material Topics on Nat Re's Sustainability, PDF 5 / 24</p> <p>The Company has identified topics that are material to Nat Re's sustainable strategies such as Reinsurance Business, Business Resiliency, Investments and Employee Wellness and Institutional Management.</p>

B.1.2	Does the company identify climate change as an issue?	<p>G20/OECD Principles of Corporate Governance (2023): VI... Investors are increasingly considering disclosures about how companies assess, identify and manage material climate change and other sustainability risks and opportunities, including for human capital management...</p> <p>ICGN (2021) PRINCIPLE 7: 7.5 Climate change The board should assess the impact of climate change on the company business model and how it will be adapted to meet the needs of a net zero economy as part of a long-term strategy. This includes setting and disclosing targets to reduce carbon emissions and a period for achievement. Where climate change risks, whether physical or transitional, are identified as material and relevant, reporting should include discussion of the diligence process, strategy, metrics, targets and initiatives used to manage the risks. Disclosure around these actions would help investors understand the resilience of companies facing climate change risks and to assess progress towards achieving net zero targets.</p>	Yes	<p><b><u>Nat Re 2023 Sustainability Report</u></b></p> <p>1) <i>Climate-related opportunities: Initiatives with external parties, PDF Page 9 – 10 / 24</i> Nat Re values forging meaningful relationships with both its private and public sector partners to help develop the reinsurance industry and promote disaster risk financing and insurance and environment sustainability.</p> <p>2) <i>Climate-Related Risks, PDF Page 13/24</i> <i>Catastrophic events brought on by natural disasters, such as typhoons and floods, are Nat Re’s biggest climate-related risk exposure. This is one significant risk for Nat Re.</i> The Report includes further information on impact, strategies and actions taken.</p> <p>3) <i>Cultivating a Sustainable Community, PDF Page 19/24</i> As part of Nat Re’s commitment to environmental preservation and community engagement, we planted eight hundred fifty (850) trees in the Southern Foothills of Sierra Madre Mountain Range. In addition to the planted seedlings, Nat Re contributed to the FEED Climate Change Action Scholarship Fund</p> <p>4) <i>Sources of Emissions table, PDF Page 19/24</i></p> <p><b><u>Board Minutes Excerpt - Risk Appetite Framework approved by the Board on September 28, 2023</u></b> Nat Re’s Overall Risk Appetite Statement approved by the Board on September 28, 2023: <i>Nat Re deploys its capital to generate a return and accept the amount of risk within the boundaries set by its Board and the regulators <b>while considering the impact of its initiatives on the national economy, the society, and the environment.</b></i></p>
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B.1.3	Does the company adopt an internationally recognized reporting framework or standard for sustainability (i.e. GRI, Integrated Reporting, SASB, IFRS Sustainability Disclosure Standards)?	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.3. Disclosure of sustainability matters, financial reporting and other information should be connected.</p> <p>Corporate disclosure frameworks, including financial reporting standards and regulatory filing requirements (e.g. public offering prospectuses), should have the same goal of providing information that a reasonable investor would consider important in making an investment and voting decision. It follows that information understood as material in a sustainability-related report should also be considered and assessed in the preparation and presentation of the financial statements. The same level of rigour applied to the measurement and reporting of financial information should be applied to the measurement and reporting of sustainability-related information.</p>	Yes	<p><a href="#">Nat Re 2023 Sustainability Report</a> <i>About our Report, PDF Page 2 / 24</i> Nat Re's Sustainability Report with the theme "Reaching Beyond Boarders" was prepared in accordance with the <b>Global Reporting Initiative (GRI) Standards</b>.</p>
<i>If a company publicly sets a sustainability-related goal or target, the disclosure framework should provide that reliable metrics are regularly disclosed in an easily accessible form</i>				
B.1.4	Does the company disclose quantitative sustainability target?	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.4. If a company publicly sets a sustainability-related goal or target, the disclosure framework should provide that reliable metrics are regularly disclosed in an easily accessible form to allow investors to assess the credibility and progress toward meeting the announced goal or target.</p>	No	<p>The Company started discussing internally the sustainability targets and planned to disclose once we have already established the reliable metrics in reference to the regulatory requirements or ESG standards.</p>

B.1.5	Does the company disclose sustainability-related performance progress in relation to its previously set targets?	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.4. If a company publicly sets a sustainability-related goal or target, the disclosure framework should ensure that verifiable metrics are disclosed to allow investors to assess the credibility and progress toward meeting the announced goal or target.</p> <p>ICGN (2021) PRINCIPLE 7: 7.4 Sustainability reports The board should provide sustainability reporting to reflect the complexities inherent in a contemporary business by blending financial, human and natural capital considerations in the context of a company's current and future strategic direction. Such disclosures should: b. put historical performance into context, and portray the risks, opportunities and prospects for the company in the future; d. explain key performance indicators to measure progress towards achieving sustainability related targets;</p>	No	While the Company disclosed its contributions related to UN Sustainability Development Goals, Nat Re has not yet disclosed its Sustainability targets which is with ongoing discussion with Board and Management until we established the reliable metrics.
B.1.6	Does the company confirm that its Sustainability Report / Reporting is reviewed and /or approved by the Board or Board Committee?	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.3. Disclosure of sustainability matters, financial reporting and other information should be connected.</p> <p>Corporate disclosure frameworks, including financial reporting standards and regulatory filing requirements (e.g. public offering prospectuses), should have the same goal of providing information that a reasonable investor would consider important in making an investment and voting decision. It follows that information understood as material in a</p>	Yes	<p><a href="#"><u>Nat Re 2023 Sustainability Report</u></a> <i>About our Report, PDF Page 2 / 24</i></p> <p>The 2023 Sustainability Report was approved by the Board of Directors on March 26, 2024.</p>

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B.2	Corporate governance frameworks should allow for dialogue between a company, its shareholders and stakeholders to exchange views on sustainability matters	Guiding Reference	Answer	Remarks / Reference
B.2.1	Does the company engage internal stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.1: The determination of which information is material may vary over time, and according to the local context, company-specific circumstances, and jurisdictional requirements. The assessment of material information may also consider sustainability matters that are critical to a company's workforce and other key stakeholders.</p> <p>G20/OECD Principles of Corporate Governance (2023): VI.B: Corporate governance frameworks should allow for dialogue between a company, its shareholders and stakeholders to exchange views on sustainability matters as relevant for the company's business strategy and its assessment of what matters ought to be considered material.</p>	Yes	<p><a href="#">Nat Re 2023 Sustainability Report</a> Material Sustainability Topics, PDF 5 / 24</p> <p>The Company's Sustainability Team and the respective Senior Leaders collaborate and provide feedback on Nat Re's material topics. Metrics and targets are being reviewed by the Governance and Related Party Transaction Committee and the year-end report has been approved by the Board of Directors.</p>

<p>B.2.2</p>	<p>Does the company engage external stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?</p>	<p>G20/OECD Principles of Corporate Governance (2023): VI.A.1: Sustainability-related information could be considered material if it can reasonably be expected to influence an investor’s assessment of a company’s value, investment or voting decisions.</p> <p>The determination of which information is material may vary over time, and according to the local context, company-specific circumstances, and jurisdictional requirements. The assessment of material information may also consider sustainability matters that are critical to a company’s workforce and other key stakeholders.</p> <p>G20/OECD Principles of Corporate Governance (2023): VI.B: Corporate governance frameworks should allow for dialogue between a company, its shareholders and stakeholders to exchange views on sustainability matters as relevant for the company’s business strategy and its assessment of what matters ought to be considered material.</p>	<p>Yes</p>	<p><b><u><a href="#">Nat Re 2023 Sustainability Report</a></u></b> <i>Climate-related opportunities: Initiatives with external parties, PDF Page 9 – 10 / 24</i></p> <p>Nat Re values forging meaningful relationships with both its private and public sector partners to help develop the reinsurance industry and promote disaster risk financing and insurance and environment sustainability. In 2023, Nat Re forged partnerships locally and internationally to promote its cause, actively participating in valuable discussions with partner agencies, including the Insurance Commission, the Government Service Insurance System (GSIS), Philippine Insurers and Reinsurers Association, among others.</p> <p><b><u><a href="#">2023 ACGR submitted to the Insurance Commission</a></u></b> Annex A, PDF page 103 – 104 / 104 The Philippine Catastrophe Insurance Facility (PCIF) is being managed and operated by Nat Re, an MOU with the Insurance Commission (IC) and Philippine Insurers and Reinsurers Association was signed in January 2020. Currently, eighteen (18) Non-Life Companies have decided to participate in this Facility.</p> <p><b><u><a href="#">Sample PIRA Circular Related to PCIF</a></u></b></p> <p><b><u><a href="https://www.pirainc.com/about-us">https://www.pirainc.com/about-us</a></u>, <b>Our Members, item 31</b></b></p> <p>Nat Re is a member company of PIRA which discusses the issues faced by the industry including sustainability with Philippines being one of the exposed country in climate related risks.</p>
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B.3	The corporate governance framework should ensure that boards adequately consider material sustainability risks and opportunities when fulfilling their key functions in reviewing, monitoring and guiding governance practices, disclosure, strategy, risk management and internal control systems, including with respect to climate- related physical and transition risks	Guiding Reference	Answer	Remarks / Reference
<i>Boards should assess whether the company's capital structure is compatible with its strategic goals and its associated risk appetite to ensure it is resilient to different scenarios</i>				
B.3.1	Does the company disclose that the board reviews on an annual basis that the company's capital and debt structure is compatible with its strategic goals and its associated risk appetite?	<p>G20/OECD Principles of Corporate Governance (2023): VI.C.2. Boards should assess whether the company's capital structure is compatible with its strategic goals and its associated risk appetite to ensure it is resilient to different scenarios.</p> <p>The management and board members are best placed to decide if the capital structure of a company is compatible with the strategic goals and its associated risk appetite, within existing restrictions established by shareholders. In order to ensure the company's financial soundness, the board should monitor the capital structure and capital sufficiency with due consideration to different scenarios, including those with low probability but high impact.</p>	Yes	<p><a href="#">Board Minutes Excerpt dated September 28, 2023 - RBC2 as of June 30, 2023</a> The Board quarterly reviews the Company's capital and debt structure using the Risk-based Capital performance being presented by the management following Insurance Commission's requirements on RBC2.</p> <p><a href="#">IC Circular Letter on the Amended Risk-Based Capital (RBC) Framework</a></p> <p><a href="#">SEC 17-A Annual Report as of December 31, 2023</a> Risk-based Capital Requirements, PDF Page 164 / 194</p>



B.4	The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.	Guiding Reference	Answer	Remarks / Reference
<i>Does the company disclose a policy and practices that address :</i>				
B.4.1	The existence and scope of the company's efforts to address customers' welfare?	G20/OECD Principles of Corporate Governance (2023): VI.D.1: The rights of stakeholders are to a large extent established by law (e.g. labour, business, commercial, environmental, and insolvency laws) or by contractual relations that companies must respect. In some jurisdictions, it is mandatory for companies to carry out human rights and environmental due diligence. Nevertheless, even in areas where stakeholder interests are not legislated or established by contract, many companies make additional commitments to stakeholders, given that concern over corporate reputation and corporate performance often requires the recognition of broader interests. This may in some jurisdictions be achieved by companies using the OECD Guidelines for Multinational Enterprises and associated due diligence standards for risk-based due diligence to identify, prevent and mitigate actual and potential adverse impacts of their businesses, and account for how these impacts are addressed.	Yes	<a href="#">Nat Re 2023 Sustainability Report</a> 1) Approach to Stakeholders Key Topics and Concerns Raised, PDF Page 15 – 16 / 24  2) Customer Privacy, Document page 25, PDF Page 14 / 24  <a href="#">Manual of Corporate Governance</a> Duties to Stakeholders   Principle 14: Respecting Rights of Stakeholders and Effective Redress for the Violation of Stakeholders Right, PDF Page 35
B.4.2	Supplier/contractor selection procedures?		Yes	<a href="#">Procurement Policy</a> The Company exercises reasonable and prudent professional judgment when dealing with clients.  <a href="#">Nat Re 2023 Sustainability Report</a> Customer Privacy, Document Page 25, PDF page 14 / 24
B.4.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?		Yes	<a href="#">Nat Re 2023 Sustainability Report</a> Reinsurance Value Chain, PDF 4 / 24  <a href="#">Nat Re Advocacies</a>
B.4.4	The company's efforts to interact with the communities in which they operate?		Yes	At Nat Re, providing reinsurance capacity is not our only business. We believe that we do ultimately entails giving greater protection to the insuring public and helping them recover financially after natural disasters and other crises. This is why we value forging meaningful relationships with private and public sectors partners in the sphere of disaster risk financing and insurance. By leveraging our combined resources and knowhow, we can create effective and affordable solutions for a more disaster-resilient public.

B.4.5	The company's anti-corruption programmes and procedures?		Yes	<a href="#">Anti-Bribery and Corruption Policy</a> The Anti-Bribery and Corruption Policy is posted on the website.  For 2023, through the annual compliance declaration activity, there is no instance of bribery or corruption.
B.4.6	How creditors' rights are safeguarded?		Yes	<a href="#">Manual of Corporate Governance</a> Duties to Stakeholders   Principle 14: Respecting Rights of Stakeholders and Effective Redress for the Violation of Stakeholders Right, PDF Page 35
B.4.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?		Yes	<a href="#">Nat Re 2023 Sustainability Report</a> The Company discusses its efforts on environment, economy and social issues at the Sustainability Report.

B.5	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.	Guiding Reference	Answer	Remarks / Reference
B.5.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	G20/OECD Principles of Corporate Governance (2023): VI.D.2: The legal framework and process should be transparent and not impede the ability of stakeholders to communicate and to obtain redress for the violation of rights at a reasonable cost and without excessive delay.	Yes	Contact details are posted in Company website which can be used should there be concerns from stakeholders.  <a href="https://www.nat-re.com/contact-us/">https://www.nat-re.com/contact-us/</a>  <a href="https://www.nat-re.com/investor-relations/">https://www.nat-re.com/investor-relations/</a>

B.6	Mechanisms for employee participation should be permitted to develop.	Guiding Reference	Answer	Remarks / Reference
B.6.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	G20/OECD Principles of Corporate Governance (2023): VI.D.3: The degree to which employees participate in corporate governance depends on national laws and practices, and may vary from company to company as well. In the context of corporate governance, mechanisms for participation may	Yes	<a href="#">Nat Re 2023 Sustainability Report</a> Health, Safety and Welfare of Employees; Health Promotions, Document Page 32 - 34, PDF Page 18 -19 / 24  <a href="#">Health Safety and Welfare of Employees</a>  The Company is committed in providing and maintaining a safe, secure and healthy work environment. In turn, the

		benefit companies directly as well as indirectly through the readiness by employees to invest in firm specific skills. Examples of mechanisms for employee participation include employee representation on boards and governance processes such as works councils that consider employee viewpoints in certain key decisions. International conventions and national norms also recognise the rights of employees to information, consultation and negotiation. With respect to performance enhancing mechanisms, employee stock ownership plans or other profit sharing mechanisms can be found in many jurisdictions. Pension commitments are also often an element of the relationship between the company and its past and present employees. Where such commitments involve establishing an independent fund, its trustees should be independent of the company's management and manage the fund in the interest of all beneficiaries.		<p>employee has the responsibility to work safely, to keep work areas and common areas in the company neat and clean, not just to reduce the chances of injury but also to make the office a more attractive and pleasant place to work in.</p> <p>Employees are urged to report to their immediate superior or to the General Services Department accidents or any condition or practice which is unsafe, whether or not these result in personal injury or no matter how minor they might seem to be. (Reference – Code of Conduct, Policy Provision, Rules of Conduct, Health, Safety, Security and Proper Use of Company Assets, Section III.11.3, page 6)</p>
B.6.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?		Yes	<p><b><a href="#">Employee Training and Development</a></b></p> <p>New employees are given an orientation on the Company's policies and procedures and made to undergo basic insurance and reinsurance training. Depending on their work assignment and employee development plans, employees undergo or are sent to specialized training courses. (Reference – <a href="#">Annual Corporate Governance Report, PDF page 52/67</a>)</p> <p><b><a href="#">Nat Re 2023 Sustainability Report</a></b> People/Training and Education, Document Page 31, PDF Page 17/24</p> <p><b><a href="#">2023 Performance Appraisal Form</a></b> Employee development is also part of the performance planning template / system.</p>
B.6.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?		Yes	<p><b><a href="#">2023 Performance Appraisal Form</a></b></p> <p>The company has its policy on reward / compensation to recognize employees' performance.</p> <p><b><a href="#">Nat Re Employee Performance-Based Incentive Bonus</a></b></p>

			<p>The Company's Board of Directors approved in its board meeting last December 2018 the granting to all qualified employees of a performance-based incentive bonus (PIB) starting with the applicable year 2019. This is differentiated from the Mid-Year Bonus (MYB) that employees currently enjoy in that the new performance-based incentive bonus payout is subject to the Company's meeting its targets for the year and to individual employee performance evaluation. The aim of this bonus program is to reward employee contribution to the bottom line and to create a performance-driven and accountability-driven culture that will help ensure the sustainability of the Company.</p> <p><a href="#"><u>SEC Form 20-IS Definitive Information Statement, May 23, 2024</u></a> Employee Relations, PDF Page 98 / 314</p> <p>The Company provides post-employment employee benefits through a defined benefit plan and various contribution plans. Employees also participate in various industry and regulatory trainings and seminars that are designed for their career advancement and functional development and are linked towards shareholder value creation.</p> <p><a href="#"><u>Nat Re 2023 Sustainability Report</u></a> People, Document Page 29 - 35, PDF Pages 16 -19 / 24</p>
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B.7	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.	Guiding Reference	Answer	Remarks / Reference
B.7.1	Does the company have a whistleblowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report	G20/OECD Principles of Corporate Governance (2023): VI.D.5. Unethical and illegal practices by corporate officers may not only violate the rights of stakeholders but also be detrimental to the company in terms of reputational effects. It is therefore important for companies to establish a confidential whistleblowing policy with procedures and safe-harbours for complaints by workers, either personally or through their representative bodies, and others outside the company, concerning illegal and unethical behaviour. The board should be encouraged to protect these individuals and representative bodies and to give them confidential direct access to someone independent on the board, often a member of an audit or an ethics committee.	Yes	<p><a href="#">Whistleblower Policy</a> Reporting Channel, Section VII, PDF page 2   Investigation, Section VIII, PDF page 3</p> <p>The whistleblower may report formally or anonymously to any of the following designated officers:</p> <ul style="list-style-type: none"> <li>- Head of Human Resources</li> <li>- Head of Risk and Compliance</li> <li>- Head of Internal Audit</li> <li>- Corporate Secretary or Assistant Corporate Secretary</li> </ul> <p>Under extraordinary circumstances, the whistleblower may also course the complaint through other reporting lines, like the President or the Chairman of the Audit Committee.</p>
B.7.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?		Yes	<p><a href="#">Whistleblower Policy</a> Protection from Retaliation, Section IV, PDF Page 2</p>