

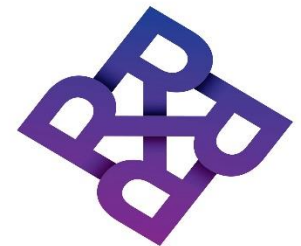
# ANNUAL CORPORATE GOVERNANCE REPORT

of

MEDICARD PHILIPPINES, INC.

for the year

2020



**MediCard**  
*Prescribed by Doctors*

**ANNUAL CORPORATE GOVERNANCE REPORT OF  
MEDICARD PHILIPPINES, INC.**

1. For the fiscal year ended December 31, 2020
2. Certificate Authority Number HMO-2020-16-R
3. Makati City, Metro Manila, Philippines  
Province, Country or other jurisdiction of incorporation of organization.
4. 9F The World Centre, # 330 Sen. Gil Puyat Ave., Makati City 1100  
Address of the Principal Office Postal Code
5. (632) 8-8849999  
Company's telephone number including area code
6. www.medicardphils.com  
Company's official website
7. (NOT APPLICABLE)  
Former name, former address and former fiscal year, if changed since last report

**ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION	
<b>The Board’s Governance Responsibilities</b>				
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.</p>				
<b>RECOMMENDATION 1.1</b>				
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company’s industry/sector.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> <li>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors.</li> <li>Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</li> </ol> <p>Links/References:</p> <p>The Board represents an appropriate mix of competence and expertise in the area of business, finance, operations, regulatory and legal disciplines relevant to the company’s industry, with each director capable of adding value and exercising independent judgment.</p> <p>The profiles of the directors are disclosed in the Company Website.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf</a></p> <p>Corporate Governance Manual Section IV. Corporate Governance Structure, Item A. Board of Directors – Qualification of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>		
<p>2. Board has an appropriate mix of competence and expertise.</p>	COMPLIANT			
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	COMPLIANT			
<b>RECOMMENDATION 1.2</b>				

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships.</p> <p>Links/References:</p> <p>The Board consists of 7 directors. 4 Non-executive Directors and 3 Executive Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p>	
<p><b>RECOMMENDATION 1.3</b></p>			
<p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on training of directors.</p> <p>Links/References:</p> <p>Corporate Governance Manual Section VIII. Information and Professional Development  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Charter. Responsibilities of the Board  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p>	
<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>NON-COMPLIANT</p>	<p>Links/References:</p> <p>Corporate Governance Manual Section VIII. Information and Professional Development  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Charter. Responsibilities of the Board  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p>	<p>The Directors were not able to attend training on corporate governance for the year 2020 due to the pandemic. Though, training for all the Board of Directors, Executive officers including the Corporate Secretary and the Compliance officer attended a 7-hour webinar conducted by Center for Global Best Practices last</p>

		<p>Policy on Training of Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_TRAINING_FOR_BOARD_OF_DIRECTORS.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_TRAINING_FOR_BOARD_OF_DIRECTORS.pdf</a></p>	<p>June 1, 2021. Also, one of the Board of Directors, Atty. Juan Andres S. Montoya has attended last March 19, 2021, a 2-hour webinar entitled ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS conducted by Center for Global Best Practices.</p>
<b>RECOMMENDATION 1.4</b>			
<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> <p>Links/references:</p> <p>Corporate Governance Manual Section IV: Corporate Governance Structure, Item G. Diversity in the Board  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>MPI Policy on Board Diversity  <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_DIVERSITY.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_DIVERSITY.pdf</a></p> <p>The Board consists of 5 Male directors and 2 Female directors. The Chairman of the Board is a female.</p>	
<b>RECOMMENDATION 1.5</b>			
<p>1. Board is assisted in its duties by a Corporate Secretary.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p> <p>Links/references:</p> <p>Corporate Governance Manual Section IV: Corporate Governance Structure, Item E. Corporate Secretary  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>COMPLIANT</p>		
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>COMPLIANT</p>		

		The position of the Corporate Secretary occupied by Atty. Juan Andres S. Montoya who is also a member of the board was replaced by Atty. Melvyn Florencio, effective June 15, 2021 in compliance with the Revised Code of Corporate Governance and the Company's Manual on Corporate Governance which was adopted last March 29, 2021.	
4. Corporate Secretary attends training/s on corporate governance.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	The Corporate Secretary was not able to attend training on corporate governance for the year 2020 due to the pandemic. Though, training for all the Board of Directors, Executive officers including the Corporate Secretary and the Compliance officer attended a 7 -hour webinar conducted by Center for Global Best Practices last June 1, 2021.
<b>RECOMMENDATION 1.6</b>			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	Links/References:  Corporate Governance Manual Section IV: Corporate Governance Structure, Item F. Compliance Officer <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
3. Compliance Officer is not a member of the board.	COMPLIANT	MPI Board of Directors, Executive Officers and Management Team. Compliance Officer – Ms. Elizabeth B. Laqui (Vice President – Controller) <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a>	
4. Compliance Officer attends training/s on corporate governance annually.	NON-COMPLIANT	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	The Compliance officer was not able to attend training on corporate governance for the year 2020 due to the

			<p>pandemic. Though, training for all the Board of Directors, Executive officers including the Corporate Secretary and the Compliance officer attended a 7 -hour webinar conducted by Center for Global Best Practices last June 1, 2021.</p>
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**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**RECOMMENDATION 2.1**

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting).</p> <p>Links/References:</p> <p>The Board of Directors reviews and approves major projects, policy decisions, annual budgets, major investment funding, and major restructuring of core businesses on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p> <p>Corporate Governance Manual Section IV. Corporate Governance Structure, Item A. Responsibilities of the Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Charter. Responsibilities of the Board.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p>	
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**RECOMMENDATION 2.2**

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting).</p>	
<p>2. Board oversees and monitors the</p>	<p>COMPLIANT</p>	<p>Indicate frequency of review of business objectives and strategy.</p>	

<p>implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.</p>		<p>Links/References:</p> <p>The Board oversees the business affairs of the company. It meets regularly and allots time to discuss strategic issues with the Management Committee to gain insights into each specific business area. It revisits and approves the group's corporate strategy and performance objectives quarterly, and monitors its implementation.</p> <p>Corporate Governance Manual Section IV. Corporate Governance Structure, Item A. Responsibilities of the Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Charter – Responsibilities of the Board  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p>	
<b>RECOMMENDATION 2.3</b>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p>Links/References:</p> <p>Corporate Governance Manual Section IV. Corporate Governance Structure, Item C. Chairman of the Board  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>MPI Board of Directors, Executive Officers and Management Team. Chairman. Dr. Concepcion S. Montoya. She has been a member of the Board since 1987.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND MANAGEMENT_TEAM.pdf</a></p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf</a></p>	



RECOMMENDATION 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and its implementation.  Link/References:	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	Corporate Governance Manual Section IX. Succession Planning <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>  MPI Policy on Succession Planning <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_SUCCESSION_PLANNING_AND_REMUNERATION.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_SUCCESSION_PLANNING_AND_REMUNERATION.pdf</a>  MPI Policy on Retirement of Directors and Key Officers <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_RETIREMENT_OF_DIRECTORS.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_RETIREMENT_OF_DIRECTORS.pdf</a>	
RECOMMENDATION 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance  Link/References:	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company	COMPLIANT	Corporate Governance Manual Section IV. Corporate Governance Structure, Item K. Board Remuneration <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration	COMPLIANT	Board Committee Charter. Board Risk Oversight and Corporate Governance Committee. <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a>	

RECOMMENDATION 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance	COMPLIANT	Provide proof if minority shareholders have a right to nominate candidates to the board.	
3. Board nomination and election policy includes how the company accepts nomination from minority shareholders.	COMPLIANT	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT	Links/References:  Corporate Governance Manual Section VII. Election/Re-election and Term <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director	COMPLIANT	Corporate Governance Manual. Section XI. Relations with Shareholders. Item A. Promoting Shareholder Rights <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	MPI Policy on Board Nomination and Election <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_NOMINATION_AND_ELECTION.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_NOMINATION_AND_ELECTION.pdf</a>  The Board Committee Charter. Functions of the Board Risk Oversight and Corporate Governance. Under Corporate Governance Functions. <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a>	
RECOMMENDATION 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.	

related party transactions (RPTs) and other unusual or infrequently occurring transactions.		Identify transactions that were approved pursuant to the policy.  Links/References:	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	COMPLIANT	Corporate Governance Manual Section X. Disclosure, Internal Control and Transparency. Item F. Related Party Transactions <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>  MPI Policy on Related Party Transactions <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf</a>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Since the Materiality threshold was approved at P 50,000,000.00 no transactions were to be discussed and approved by the Board of Directors.	
<b>RECOMMENDATION 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.  Identify the Management team Appointed.  Links/References:  Board Charter. Responsibilities of the Board. <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a>  Management Team and Executive Officers <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the	COMPLIANT	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.  Provide information on the assessment process and indicate frequency of assessment of performance.	

<p>other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>		<p>Links/References:</p> <p>Board Charter. Responsibilities of the Board.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p> <p>MPI Policy on Performance Evaluation  <a href="http://intranet02.medicardphils.com/viewtopic.php?p=114185#114185">http://intranet02.medicardphils.com/viewtopic.php?p=114185#114185</a></p>	
<b>RECOMMENDATION 2.9</b>			
<p>1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p> <p>Link/References:</p> <p>Corporate Governance Manual Section VI. Board Performance,  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>MPI Policy on Performance Evaluation  <a href="http://intranet02.medicardphils.com/viewtopic.php?p=114185#114185">http://intranet02.medicardphils.com/viewtopic.php?p=114185#114185</a></p>	
<b>RECOMMENDATION 2.10</b>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>Link/References:</p> <p>Corporate Governance Manual Section X. Disclosure, Internal Control and Transparency, Item D. Internal Control and Risk Management</p>	

		<a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>  Corporate Governance Manual Section IV. Corporate Governance Structure, Item B. Directors, Responsibilities of the Directors and Independent Directors <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>  Code of Business Conduct and Ethics – Conflicts of Interest <a href="https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf">https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf</a>  Policy on Conflict of Interest <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_CONFLICT_OF_INTEREST.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_CONFLICT_OF_INTEREST.pdf</a>	
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter  Link/References:  Internal Audit Charter <a href="https://www.medicardphils.com/documents/corporate-governance/INTERNAL_AUDIT_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/INTERNAL_AUDIT_CHARTER.pdf</a>	
<b>RECOMMENDATION 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management <b>(ERM)</b> framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.  Provide proof of effectiveness of risk management strategies, if any.	
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the	COMPLIANT	Link/References:  Corporate Governance Manual Section X. Disclosure, Internal Control and Transparency, Item D. Internal Control and Risk Management	

effectiveness of risk management strategies.		<a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>  MPI Enterprise Management Framework <a href="https://www.medicardphils.com/documents/corporate-governance/ENTERPRISE_RISK_MANAGEMENT_FRAMEWORK.pdf">https://www.medicardphils.com/documents/corporate-governance/ENTERPRISE_RISK_MANAGEMENT_FRAMEWORK.pdf</a>	
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**RECOMMENDATION 2.12**

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.  Link/References:  Board Charter <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**RECOMMENDATION 3.1**

1. Board establishes board committees that focus on specific board functions to aid in the optimal	COMPLIANT	Provide information or link/reference to a document containing information on all the board committees established by the company.  Link/References:	
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<p>performance of its roles and responsibilities.</p>		<p>Corporate Governance Manual Section V. Board Committees  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Committee Charter  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p> <p>The Company initially established 2 committees that will handle the:  1) audit and related party transactions and 2) risk management and corporate governance.</p>	
<b>RECOMMENDATION 3.2</b>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> <p>Link/References:</p> <p>Corporate Governance Manual Section V. Board Committees, A. Audit and Related Party Transactions Committee, Audit functions  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Committee Charter. Audit and Related Party Transactions Committee. Audit Functions  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p>Link/References:</p> <p>Board Committee Charter. Audit and Related Party Transaction Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	

		<p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Members were appointed this year.</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>Link/References:</p> <p>Board Committee Charter. Audit and Related Party Transaction Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p> <p>Board of Directors Profile  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Members were appointed this year.</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p>Link/References:</p> <p>Board Committee Charter. Audit and Related Party Transaction Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Chairman were appointed this year.</p>	



**RECOMMENDATION 3.3**

<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>Link/References:</p> <p>Corporate Governance Manual Section V. Board Committees, B. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a></p>	
<p>2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p>Link/References:</p> <p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Members were appointed this year.</p>	

<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p>Link/References:</p> <p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a></p> <p>Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Chairman were appointed this year.</p>	
<p>RECOMMENDATION 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions.</p> <p>Link/References:</p> <p>Corporate Governance Manual Section V. Board Committees. Board Risk Oversight and Corporate Governance Committee. Risk Management Functions  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a></p>	

<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <p>Link/References:</p> <p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Members will be appointed this year.</p>	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p> <p>Link/References:</p> <p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITTEE_CHARTER.pdf</a></p> <p>Board of Directors Profile  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Chairman of the Committee were appointed this year.</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p> <p>Link/References:</p>	

		<p>Board Committee Charter. Board Risk Oversight and Corporate Governance Committee</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p> <p>Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Committee Members were appointed this year.</p>	
<b>RECOMMENDATION 3.5</b>			
<p>1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p>Link/References:</p> <p>Corporate Governance Manual Section V. Board Committees. Audit and Related Party Transactions Committee. Related Party Transaction Functions</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Committee Charter. Audit and Related Party Transactions Committee. Related Party Transactions functions.</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	
<p>2. <b>RPT</b> Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p> <p>Link/References:</p> <p>Board Committee Charter. Audit and Related Party Transactions Committee.</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	

		Since the Adoption of the Corporate Governance Manual and the approval of the Board Committee Charter was last March 29, 2021, the Related Party Transactions Committee Members were appointed this year.	
<b>RECOMMENDATION 3.6</b>			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.  Link/References:  Board Committee Charter <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed.  Link/References:  Board Committee Charter <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a>	
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
<b>RECOMMENDATION 4.1</b>			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele- /videoconferencing conducted in accordance	COMPLIANT	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.  Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	

<p>with the rules and regulations of the Commission.</p>		<p>Corporate Governance Manual. Section IV. Corporate Governance Structure. Section A. Board of Directors, Responsibilities of the Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Charter. Responsibilities of the Board.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p> <p>Information on the attendance and participation of directors to Board, Committee and shareholders' meetings can be seen through the Minutes of the Meetings for 2020. (Please see attached files)</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Links/References:</p> <p>Meeting materials are provided in advance to give ample time for review.</p> <p>In accordance with the Company's Amended By-Laws, under Article 4 Section 2. Special Meetings. Special meetings maybe called at the principal office of the corporation, or at such convenient place, at any time by the resolutions of the Board of Directors or by order of the President or upon written request of the stockholders registered as owners of one third (1/3) of the total issued and outstanding stock. A written notice of the meeting setting forth the specific matters to be taken up during the meeting and all materials relevant for the matters to be discussed are sent to all stockholders of record, personally or by registered mail, at least fifteen (15) days before the stated date of the meeting.</p>	
<p>3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/ explanation sought by the directors.</p> <p>Links/References:</p> <p>Board Charter. Responsibilities of the Board.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a></p>	

		All the directors have sought clarifications or addressed queries to the Company's Management during Board meetings relating to, among others, operational issues, regulatory risks, and future plans.	
<b>RECOMMENDATION 4.2</b>			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p> <p>Links/References:</p> <p>Manual on Corporate Governance. Section IV. Corporate Governance Structure. Item J. Multiple Board Seats.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>The NEDs are not concurrently directors in any ICRCs and/or publicly listed companies.</p>	
<b>RECOMMENDATION 4.3</b>			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p> <p>Links/References:</p> <p>Manual on Corporate Governance. Section IV. Corporate Governance Structure. Item J. Multiple Board Seats.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <ul style="list-style-type: none"> <li>Not applicable since there are no director/s that are concurrently directors of any ICRCs and/or PLCs</li> </ul>	
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgement on all corporate affairs.			

RECOMMENDATION 5.1			
<p>1. The Board is composed of at least twenty percent (20%) independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board.</p> <p>Links/references:</p> <p>Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p> <p>Corporate Governance Manual. Section IV. Corporate Governance Structure. Item G. Composition of the Board and Independent Directors.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
RECOMMENDATION 5.2			
<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p>Links/References:</p> <p>Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf</a></p> <p>Corporate Governance Manual. Section IV. Corporate Governance Structure. Item B. Qualifications of Independent Directors.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
RECOMMENDATION 5.3			
<p>1. The independent directors serve for a maximum</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p>	



<p>cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>		<p>Links/References:</p> <p>Corporate Governance Manual. Section VII. Election/Re-Election and term.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section VII. Election/Re-Election and term.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification</p>	<p>COMPLIANT</p>	<p>Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>Links/References:</p>	

<p>and seek shareholders' approval during the annual shareholders' meeting.</p>		<p>Corporate Governance Manual. Section VII. Election/Re-Election and term.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>None of the independent directors has served the Company for more than nine years from the reckoning year of 2016.</p>	
RECOMMENDATION 5.4			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section IV. Corporate Governance. Item. H. Composition of the Board and Independent Directors.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Corporate Governance Manual Section IV. Corporate Governance Structure, Item C. Chairman of the Board and Item D. Chief Executive Officer  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board of Directors  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p> <p>Links/References:</p>	

		<p>Corporate Governance Manual Section IV. Corporate Governance Structure, Item C. Chairman of the Board and Item D. Chief Executive Officer</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>The position of Chairman of the Board and the CEO/President are being held by 2 different individuals.</p>	
<b>RECOMMENDATION 5.5</b>			
<p>1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is Independent.</p> <p>The position of Chairman of the Board and the CEO/President are being held by 2 different individuals.</p> <p>Board of Directors</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p>	
<b>RECOMMENDATION 5.6</b>			
<p>1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.</p>	<p>COMPLIANT</p>	<p>Provide proof of abstention, if this was the case.</p> <p>Links/References:</p> <p>There have been no such recent transactions.</p> <p>Corporate Governance Manual. Section IV. Corporate Governance Structure. Item A. Board of Directors. Responsibilities of the Board of Directors.</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Board Charter. Responsibilities of the Board.</p>	

		<a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_CHARTER.pdf</a>	
<b>RECOMMENDATION 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	COMPLIANT	Provide proof and details of said meeting, if any.  Provide information on the frequency and attendees of meetings.  The annual meeting with the external auditor was last May 2021 for the year ended December 2020. Please see attached file.	
2. The meetings are chaired by the lead independent director.	COMPLIANT	Currently, the Company do not see the need to designate a lead independent director since the positions, Chairman of the Board and the CEO/President are being held by 2 different individuals.	
<b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
<b>RECOMMENDATION 6.1</b>			
1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman and the Committees.	
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	Links/References:  Policy on Board Performance Assessment Board of Directors Self-Assessment Questionnaire	
3. The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT	<a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_PERFORMANCE_ASSESSMENT.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_PERFORMANCE_ASSESSMENT.pdf</a>	
4. The performance of each committee is assessed annually by the Board.	COMPLIANT	Please see attached Accomplished Board of Directors Self-Assessment Summary Report.	

<p>5. Every three years, the assessments are supported by an external facilitator.</p>	<p>COMPLIANT</p>	<p>Identify the external facilitator and provide proof of use of an external facilitator.</p> <p>The formal performance of the Board was initially for the year 2020. The assessment for 2023 will be supported by an external facilitator.</p>	
<p><b>RECOMMENDATION 6.2</b></p>			
<p>1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section VI. Board Performance.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>COMPLIANT</p>	<p>Policy on Board Performance Assessment  Board of Directors Self-Assessment Questionnaire  <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_PERFORMANCE_ASSESSMENT.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_BOARD_PERFORMANCE_ASSESSMENT.pdf</a></p>	
<p><b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</p>			
<p><b>RECOMMENDATION 7.1</b></p>			
<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> <p>Links/References:</p> <p>Code of Business Conduct and Ethics  <a href="https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf">https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf</a></p> <p>Medicard Code of Discipline and Conduct  <a href="http://intranet.medicardphils.com/details.php?page=1">http://intranet.medicardphils.com/details.php?page=1</a></p>	

<p>2. The code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p>Links/References:</p> <p>Code of Business and Ethics  <a href="https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf">https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf</a></p> <p>Medicard Code of Discipline and Conduct  <a href="http://intranet.medicardphils.com/details.php?page=1">http://intranet.medicardphils.com/details.php?page=1</a></p> <p>The Code of Business and Ethics is posted on the company website. The Medicard Code of Discipline and Conduct is posted at the Company's Intranet and is part of the orientation of all new employees.</p>	
<p>3. The Code is disclosed and made available to the public through the company website</p>	<p>COMPLIANT</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.</p> <p>Links/References:</p> <p>Code of Business and Ethics  <a href="https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf">https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf</a></p> <p>Medicard Code of Discipline and Conduct  <a href="http://intranet.medicardphils.com/details.php?page=1">http://intranet.medicardphils.com/details.php?page=1</a></p>	
<p><b>RECOMMENDATION 7.2</b></p>			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>COMPLIANT</p>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Links/References:</p> <p>Medicard Code of Discipline and Conduct  <a href="http://intranet.medicardphils.com/details.php?page=1">http://intranet.medicardphils.com/details.php?page=1</a></p>	

		<p>The Code of Discipline and Conduct is the basis in implementing employee discipline.</p> <p>The Code is also a part of the orientation of new employees.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	COMPLIANT	<p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on noncompliance.</p> <p>Links/References:</p> <p>Medicaid Code of Discipline and Conduct  <a href="http://intranet.medicardphils.com/details.php?page=1">http://intranet.medicardphils.com/details.php?page=1</a></p> <p>All company policies are posted on the Company's intranet system.</p>	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>RECOMMENDATION 8.1</b>			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	COMPLIANT	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.</p> <p>Links/References:</p> <p>Code of Business Conduct and Ethics. Disclosure  <a href="https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf">https://www.medicardphils.com/documents/corporate-governance/CODE_OF_BUSINESS_AND_ETHICS.pdf</a></p> <p>Corporate Governance Manual. Section X. Disclosure, Internal Control and Transparency. Item A. Company Disclosure Policies and Procedures.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<b>RECOMMENDATION 8.3</b>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest</p>	COMPLIANT	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>Links/References:</p>	

that might affect their judgment.		Board of Directors <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.  Board of Directors <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_PROFILE.pdf</a>  Management Team and Executive Officers <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a>	
<b>RECOMMENDATION 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for setting board remuneration.  Links/References:  Corporate Governance Manual. Section IV. Board Remuneration. <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>  Corporate Governance Manual. Section X. Disclosure, Internal Control and Transparency. <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual	COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.  Links/References:	



<p>Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.</p>		<p>Corporate Governance Manual. Section X. Disclosure, Internal Control and Transparency  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>											
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>COMPLIANT</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p> <p>Salaries and other remuneration paid to key management personnel are as follows:</p> <table border="1" data-bbox="772 544 1455 792"> <tr> <td>Salaries and other remuneration paid to key management personnel</td> <td><b>2020</b></td> </tr> <tr> <td>Short Term Employee Benefits</td> <td>286,491,534.00</td> </tr> <tr> <td>Post Employment benefits</td> <td>34,256,310.00</td> </tr> <tr> <td>Other Long Term Benefit</td> <td>105,383.00</td> </tr> <tr> <td>Total</td> <td>320,853,227.00</td> </tr> </table> <ul style="list-style-type: none"> <li>For security reasons, a more detailed breakdown will be provided upon request.</li> </ul>	Salaries and other remuneration paid to key management personnel	<b>2020</b>	Short Term Employee Benefits	286,491,534.00	Post Employment benefits	34,256,310.00	Other Long Term Benefit	105,383.00	Total	320,853,227.00	
Salaries and other remuneration paid to key management personnel	<b>2020</b>												
Short Term Employee Benefits	286,491,534.00												
Post Employment benefits	34,256,310.00												
Other Long Term Benefit	105,383.00												
Total	320,853,227.00												
<p><b>RECOMMENDATION 8.5</b></p>													
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>COMPLIANT</p>	<p>Disclose or provide reference/link to company's RPT policies.</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>Links/References:</p> <p>MPI Policy on Related Party Transactions  <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf</a></p> <p>Corporate Governance Manual. Section X. Disclosure, Internal Control and Transparency. Item F. Related Party Transaction.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>											

<p>2. Company discloses material or significant RPTs in its Annual Company Report of Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.</p>	<p>COMPLIANT</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> <li>1. Name of the related counterparty;</li> <li>2. Relationship with the party;</li> <li>3. Transaction date;</li> <li>4. Type/nature of transaction;</li> <li>5. Amount or contract price;</li> <li>6. Terms of the transaction;</li> <li>7. Rationale for entering into the transaction;</li> <li>8. The required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</li> <li>9. Other terms and conditions.</li> </ol> <p>Links/References:</p> <p>Report of Independent Certified Public Accountants to Accompany Income Tax Return for the year ended December 2020.</p> <p>The Company's related parties include its subsidiary and related party companies under common control, or common management, Company's key management and its retirement plan managed by a trustee bank and others as described in Note 2.16.</p> <p>A summary of the Company's transactions and outstanding balances with its related parties as of and for the years ended December 31, 2020 and 2019 are shown below.</p>	
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Related Party Category	Note	2020		2019	
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
<b>Subsidiary:</b>					
Claims processing services	23.1(a)	P 70,881,137	(P 8,002,483)	P 80,079,358	(P 6,568,917)
Lease of office space	23.2	5,382,077	2,476,024	5,125,660	3,245,903
Purchases of supplies	23.3	-	-	-	-
Shared expenses	23.4	1,432,385	7,228,788	4,983,399	-
Refundable deposit	23.2	-	-	-	( 50,000)
Dividend income	23.5	5,373,281	-	2,000,000	-
<b>Related Parties Under Common Management:</b>					
Manpower services	23.1(b)	69,471,735	( 5,923,547)	78,426,208	( 4,028,045)
Shared expenses	23.4	59,595	59,595	26,757	12,622,431
Loan	23.1(c)	21,000,000	21,000,000	-	-
Shared expenses- UROIC	23.4	4,121,480	4,121,480	-	-
Medical Services	23.1(c)	25,870,736	25,870,736	-	-
<b>Retirement Fund – Contributions</b>					
	23.6	30,000,000	-	34,800,000	-
<b>Key Management Personnel:</b>					
Compensation	23.7(a)	286,596,534	-	340,409,397	-
Advances	23.7(b)	( 1,247,410)	8,016,214	2,233,384	9,263,624

Related party receivables and payables are unsecured, noninterest-bearing and collectible and payable on demand either through payment of cash or offsetting arrangements. The Company recognized impairment loss on certain receivables from related parties under common management amounting to P9,499,112 in 2019, which is recognized as part of Impairment Losses on Financial Assets account in the statements of income.

#### Rendering of Services

(a) The Company utilizes the medical information and claims processing services of CPPI, which are presented as Processing Fee in the statements of income (see Note 18). The outstanding payable to CPPI arising from these transactions is presented as part of Accrued expenses under the Accounts Payable and Accrued Expenses account in the statements of financial position (see Note 12).

(b) The Company outsources manpower services from Staffgap Inc. (Staffgap), a related party under common management, which are presented as part of Professional Fees in the statements of income (see Note 18). The outstanding payable arising from these transactions is presented as part of Accrued expenses under the Accounts Payable and Accrued Expenses account in the statements of financial position (see Note 12).

c) The Company is engaged with URO Industrial Clinic (UROIC), a related party under common management, for the services related to annual physical exam of the Company's employees at its premises.

		<p>These are presented as part of COS-Medical Expenses in the statements of income (see Note 18). The outstanding receivable arising from loan of UROIC is presented as part of Advances to affiliates and Membership Fees Receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).</p> <p><b>Lease of Office Space</b> The Company sub-leases one of its rented office premises to CPPI for an indefinite period with proportional escalation on rental rate based on the original lease agreement. Rental income arising from these transactions is included as part of Rentals under Other Revenues in the statements of income (see Note 17.2). The outstanding receivable and refundable deposit from this transaction is recognized as part of Advances to affiliates under Trade and Other Receivables and Refundable Deposits, respectively, in the statements of financial position (see Notes 5 and 11).</p> <p><b>Purchases of Supplies</b> The Company purchases supplies in behalf of CPPI and bills the latter for the cost of supplies. There are no outstanding receivable for this transaction as of December 31, 2020 and 2019.</p> <p><b>Shared Expenses</b> The Company shares its operating expenses to UROIC, CPPI and Staffgap, and bills the related parties for the cost. The outstanding receivable from this transaction is recognized as part of Advances to affiliates under the Trade and Other Receivables account in the statements of financial position (see Note 5).</p> <p><b>Dividend Income</b> The cash dividend received by the Company from CPPI is presented as Dividend Income from a Subsidiary in the statements of income (see Note 8). There is no outstanding receivable for this transaction as of December 31, 2020 and 2019.</p>	
<b>RECOMMENDATION 8.7</b>			
1. Company's corporate governance policies, programs and	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	

procedures are contained in its Manual on Corporate Governance (MCG)		Links/References:  Manual on Corporate Governance. <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
2. Company's MCG is posted on its company website.	COMPLIANT	Corporate Policies <a href="https://www.medicardphils.com/corporate-governance/corporate-policies">https://www.medicardphils.com/corporate-governance/corporate-policies</a>	
<b>Principle 9:</b> The Company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
<b>RECOMMENDATION 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors	COMPLIANT	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.  Links/references:  Board Committee Charter. Audit and Related Party Transactions Committee. Audit Functions. <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.  Links/references:  Board Committee Charter. Audit and Related Party Transactions Committee. Audit Functions. <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators	COMPLIANT	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.  Links/References:	

and the public through the company website and required disclosures.		There has been no removal or change of the external auditor within the last five (5) years.	
<b>RECOMMENDATION 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. Assessing the integrity and independence of external auditors.</li> <li>ii. Exercising effective oversight to review and monitor the external auditor's independence and objectivity.</li> <li>iii. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	COMPLIANT	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>Links/References:</p> <p>Board Committee Charter. Audit and Related Party Transactions Committee. Audit functions.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	COMPLIANT	<p>Provide link/reference to the company's Audit Committee Charter.</p> <p>Links/References:</p> <p>Board Committee Charter. Audit and Related Party Transactions Committee. Audit functions.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	
<b>RECOMMENDATION 9.3</b>			

<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>COMPLIANT</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> <p>The non-audit services performed by the External Auditor was being the representative of the Company in the 2017 tax assessment by the BIR.</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to guidelines or policies on non-audit services.</p> <p>Links/References:</p> <p>Board Committee Charter. Audit and Related Party Transactions Committee. Audit functions. No. vii.  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_COMMITEE_CHARTER.pdf</a></p>	
<p><b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p><b>RECOMMENDATION 10.1</b></p>			
<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section X. Disclosure, Internal Control and Transparency. Item C. Non-Financial and Sustainability Reporting.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>The Company has established MPI Foundation as its CSR arm. Before establishing Medicard Foundation, the Company has done numerous medical missions, donated financial support to typhoon/flood victims, did gift giving to various beneficiaries, gave educational materials to beneficiaries and many more. Medicard has also done Tree Planting at the La Mesa dam. Medicard thru MPI</p>	

		Foundation continue doing what Medicaid as a company has been doing. MPI Foundation has also donated wheelchairs, canes, hearing aids, and other health devices to deserving beneficiaries.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> <p>Links/references:</p> <p>Manual on Corporate Governance. Section X. Disclosure, Internal Control and Transparency. Item C. Non-Financial and Sustainability reporting.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Since the Corporate Governance was adopted last March 29, 2021, we will be adopting a globally recognized standard/framework in reporting sustainability and non-financial issues. We are currently reviewing the G4 Framework by the Global Reporting Initiative (GRI), the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB)'s Conceptual Framework. Once the Board approve on what standards will be used in reporting sustainability and non-financial issues, then it will be used for the succeeding report.</p>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**RECOMMENDATION 11.1**

1. The company should have a website to ensure a comprehensive, cost efficient, transparent and timely manner of disseminating relevant information to the public.	COMPLIANT	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings/press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p> <p>Links/References:  <a href="http://www.medicardphils.com">www.medicardphils.com</a></p>	
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**Internal Control System and Risk Management Framework**

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.



RECOMMENDATION 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section X. D. Internal Control and Risk Management.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>The Company is a certified ISO 9001:2015 and has been doing a quarterly internal audit and semi-annual external audit to continuously meet the ISO standards. The Company ensures the efficiency and productivity of its workforce through measurement and improvement of work processes and through professional growth and development.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management.</p> <p>Provide information or reference to a document containing information on :</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes.</li> <li>2. Key risks the company is currently facing.</li> <li>3. How the company manages the key risks.</li> </ol> <p>Indicate frequency of review of the enterprise risk management framework.</p> <p>Links/References:</p> <p>MPI Risk Assessment Framework  <a href="https://www.medicardphils.com/documents/corporate-governance/ENTERPRISE_RISK_MANAGEMENT_FRAMEWORK.pdf">https://www.medicardphils.com/documents/corporate-governance/ENTERPRISE_RISK_MANAGEMENT_FRAMEWORK.pdf</a></p> <p>Key Risks the company is currently facing and how the company manages the key risks.</p>	

		<p><u>For the year 2020, the Company faces risks brought about by the pandemic.</u></p> <p>Impact of COVID-19 Pandemic on the Company's Business  The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. This prompted the government to take measures including community quarantine to contain the virus which affected economic conditions and the Company's business operations. The following are the impact of the COVID-19 pandemic on the Company's business:</p> <ul style="list-style-type: none"> <li>* decline in other revenues in 2020 by 19% compared to that of 2019, mainly caused by the decline in the billings for the services of outsourced doctors and nurses during the implementation of community quarantine;</li> <li>x department units operating at less than full capacity as employees were unable to report for work;</li> <li>x additional administrative expenses were incurred to ensure health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for its employees; and,</li> <li>x higher claims reserve recognized in 2020 compared to that of 2019 caused by the significant volatility due to pandemic, which was considered in the actuarial assumptions.</li> </ul> <p>In response to this matter, the Company has taken the following actions:</p> <ul style="list-style-type: none"> <li>x introduced the "telemedicine" as part of their services;</li> <li>x launched digital platform to enable sales to customers on-line;</li> <li>x implemented safety measures and activated business continuity plan; implemented a flexible working arrangement and provided an additional financial assistance to support their employees due to limited public transportation;</li> <li>x deferred construction of other capital expenditures to manage Company's available funds; and,</li> <li>x sought relief in the monthly payment of rentals.</li> </ul> <p>While there were negative effects, there were also very positive effects which include the decrease in professional fees, hospitalization expenses and medical services, which resulted in a very favorable results of operations in 2020; net profit increased by 475%.</p>	
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		<p>Based on the foregoing positive effect, actions and measures taken by management to mitigate the adverse effect of the pandemic, it is anticipated that the Company would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast doubt on the Company's ability to continue as a going concern.</p> <p>The Company is exposed to certain financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the BOD, and focuses on actively securing the Company's short-term to medium-term cash flows by minimizing the exposure to financial markets. The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The following are the most significant financial risks to which the Company is exposed.</p> <p><b>Foreign Currency Risk</b> Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's investments, cash deposits and short-term placements in foreign currency.</p> <p>To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.</p> <p><b>Interest Rate Risk</b> The Company monitors interest rate movements and makes adjustments on its financial assets and financial liabilities as may be deemed necessary. At December 31, 2020 and 2019, the Company is exposed to changes in market interest rates of its savings deposits and short-term placements, which are subject to variable interest rates. All other financial assets, including the long-term time deposits, and liabilities have fixed rates. Due to the duration of short-term placements, management believes that the interest rate sensitivity and its effect on the net result for the year and equity are not significant.</p> <p><b>Credit Risk</b> Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from selling plans to customers including related parties on credit; placing deposits with banks;</p>	
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		<p>granting loans; and, investing in bonds that are carried at amortized cost and at FVOCI.</p> <p>The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.</p> <p>The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements.</p> <p><b>Liquidity Risk</b> The Company is exposed to liquidity risk. It aims to maintain flexibility in funding its operations by realizing income from investments, collecting efficiently from its project proponents and maintaining sufficient and available cash.</p> <p>The Company's financial liabilities have contractual maturities.</p> <p><b>Other Market Price Risks</b> The Company's market price risk arises from its investments carried at fair value and classified as Financial assets at FVTPL and Financial assets at FVOCI. It manages its risk arising from changes in market price by monitoring the changes in the market price of these investments.</p> <p>The observed volatility rates of the fair values of the Company's investments held at fair value and their impact on the Company's equity.</p> <p>The Company pursues best practices in Enterprise Risk Management (ERM) across its businesses and processes. It has an established ERM to identify, measure, control, and monitor its significant financial and non-financial risk exposures.</p> <p>Frequency of review is at least once a year.</p>	
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RECOMMENDATION 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>COMPLIANT</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section X. Disclosure, Internal Control and Transparency. Item E. Audit Commitment and Auditors.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Internal Audit Charter. Internal Audit Responsibilities.  <a href="https://www.medicardphils.com/documents/corporate-governance/ENTERPRISE_RISK_MANAGEMENT_FRAMEWORK.pdf">https://www.medicardphils.com/documents/corporate-governance/ENTERPRISE_RISK_MANAGEMENT_FRAMEWORK.pdf</a></p> <p>The Internal Audit Group of the Company is in-house.</p>	
RECOMMENDATION 12.3			
<p>1. The Company has a qualified Chief Audit Executive (CAE) appointed by the Board</p>	<p>COMPLIANT</p>	<p>Identify the Company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>COMPLIANT</p>	<p>Links/References:</p> <p>Dr. Cerissa Lynne C. Arroyo is the appointed Chief Audit Officer. Executive Officers and Management Team  <a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p> <p>Internal Audit Charter. Responsibilities of the Chief Audit Officer  <a href="https://www.medicardphils.com/documents/corporate-governance/RESPONSIBILITIES_OF_A_CHIEF_AUDIT_OFFICER.pdf">https://www.medicardphils.com/documents/corporate-governance/RESPONSIBILITIES_OF_A_CHIEF_AUDIT_OFFICER.pdf</a></p>	
<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility</p>	<p>COMPLIANT</p>	<p>Identify qualified independent executive or senior management personnel, if applicable.</p> <p>The internal audit activity of the Company has not been fully outsourced. The Internal Audit Group of the Company is in-house.</p>	

for managing the fully outsourced internal audit activity.			
<b>RECOMMENDATION 12.4</b>			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	<p>Provide information on Company's risk management function.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section X. D. Internal Control and Risk Management.</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<b>RECOMMENDATION 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p> <p>Links/References:</p>	
2. CRO has adequate authority, stature, resources and support to fulfil his/her responsibilities.	COMPLIANT	<p>Executive Officers and Management Team. Chief Risk Officer – Atty. Juan Andres S. Montoya</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf">https://www.medicardphils.com/documents/corporate-governance/BOARD_OF_DIRECTORS_EXECUTIVE_OFFICERS_AND_MANAGEMENT_TEAM.pdf</a></p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>RECOMMENDATION 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	<p>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p>Link/References:</p> <p>Manual on Corporate Governance, Section XI. Relations with Shareholders.</p>	

		<a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	<p>Provide link to company's website.</p> <p>Manual on Corporate Governance, Section XI. Relations with Shareholders.</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<b>RECOMMENDATION 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	COMPLIANT	<p>Indicate the number of days before the annual stockholders' meeting of special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes there in were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement.</p> <p>Links/References:</p> <p>Corporate Governance Manual. Section XI. Relations with Shareholders. Item A. Promoting Shareholders Rights.</p> <p><a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>The Shareholders of the Company are the very same Board of Directors of the company.</p>	
<b>RECOMMENDATION 13.3</b>			

<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answered during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p> <p>References:</p> <p>Information on the attendance and participation of directors to Board, Committee and shareholders' meetings can be seen through the Minutes of the Meetings for 2020. (Please see attached files)</p>	
<p>2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.</p>	<p>COMPLIANT</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answer given, if any.</p> <p>References:</p> <p>Information on the attendance and participation of directors to Board, Committee and shareholders' meetings can be seen through the Minutes of the Meetings for 2020. (Please see attached files)</p>	
<p><b>RECOMMENDATION 13.4</b></p>			
<p>1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>COMPLIANT</p>	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</p> <p>Links/References:</p> <p>Manual on Corporate Governance. Section IX. Relations with Shareholders. Item. A. promoting Shareholders Rights.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p>	
<p>2. The alternative dispute mechanism is included in</p>	<p>COMPLIANT</p>	<p>Provide link/reference to where it is found in the Manual on Corporate Governance.</p>	



the company's Manual on Corporate Governance.		Manual on Corporate Governance. Section IX. Relations with Shareholders. Item. A. promoting Shareholders Rights. <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a>	
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> The rights if stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
<b>RECOMMENDATION 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.  The following are the Company's stakeholders: <ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Employees</li> <li>• Client Companies</li> <li>• Accredited Doctors and Dentists</li> <li>• Accredited Hospitals and Clinics</li> <li>• Subsidiary</li> <li>• Community</li> <li>• Other Stakeholders such as creditors and suppliers</li> </ul>	
<b>RECOMMENDATION 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Identify policies and programs for the protection and fair treatment of company's stakeholders.  The Company implements policies and activities that protect the rights and promote the interest of its various stakeholders.  It is the Company's policy to provide all customers with excellent service and fair treatment, and complete and accurate information;  Standardizes policies and work processes related to customers in all departments and clinics and information on the services affecting them;  Undertakes surveys on customers' level of satisfaction to improve the Company's service standards;	

		<p>Undertakes safety and health orientation programs to enhance safety consciousness and safe practice for all customers and stakeholders.</p> <p>Complying with all applicable safety, and environmental regulations and closely monitoring the state of well-being and safety of all customers.</p>	
<b>RECOMMENDATION 14.3</b>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>COMPLIANT</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders.</p> <p>Policy on Whistle Blowing  <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_WHISTLE_BLOWING.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_WHISTLE_BLOWING.pdf</a></p> <p>Manual on Corporate Governance. Section IX. Relations with Shareholders. Item. B. Duties to Stakeholders. 1 Respecting Rights Of Stakeholders And Effective Redress For Violation Of Stakeholder's Rights.  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GVERNANCE_MANUAL.pdf</a></p> <p>Employees, suppliers, customers and other stakeholders send their concerns and/or complaints for possible violation of their rights , through the following contact information:</p> <p style="text-align: center;"> The Human Resources Head  Medicard Philippines, Inc.  4F The World Centre  #330 Sen. Gil Puyat Ave.  Makati City  Tel. No. : 8-8849999 local 9947 </p>	

<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>RECOMMENDATION 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p>Links/References:</p> <p>Manual on Corporate Governance. Section IX. Relations with Shareholders. Item. B. Duties to Stakeholders.2. Encouraging Employees' Participation  <a href="https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.medicardphils.com/documents/corporate-governance/CORPORATE_GOVERNANCE_MANUAL.pdf</a></p> <p>Strategic planning is being done on an annual basis and all departments present the SWOT analysis and present action plans for the approval of the Executive Committee and the Board.</p> <p>The Company ensures the implementation of its Annual Training Plan to enhance employee skills. Employee engagement programs are also in place. Labor-Management meetings are also being done periodically thru the Human Resources department and the officers of the employee union.</p>	
<b>RECOMMENDATION 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.</p> <p>Links/References:</p> <p>Anti-corruption Policy  <a href="https://www.medicardphils.com/anti-corruption-policy">https://www.medicardphils.com/anti-corruption-policy</a></p>	

		MPI Code of Discipline and Conduct. Section 3. Code 3.08 and 3.10 <a href="http://intranet.medicardphils.com/details.php?page=1">http://intranet.medicardphils.com/details.php?page=1</a>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Identify how the board disseminated the policy and program to employees across the organization.  Links/References:  <a href="https://www.medicardphils.com/anti-corruption-policy">https://www.medicardphils.com/anti-corruption-policy</a>  All policies, programs and memos are announced thru the companies Intranet for easy access of all employees. <a href="http://intranet.medicardphils.com">http://intranet.medicardphils.com</a>  Policies and programs are being discussed during the orientation of all employees.	
<b>RECOMMENDATION 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.  Indicate if the framework includes procedures to protect the employees from retaliation.  Provide contact details to report any illegal or unethical behavior.  Links/References:  MPI Policy on Whistle Blowing <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_WHISTLE_BLOWING.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_WHISTLE_BLOWING.pdf</a>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	Employees, suppliers, customers and other stakeholders can download, through the Company Website, a whistleblower report form which can be found as part of the Policy on Whistleblowing and submit the same to the HR Head through the following contact information:  The Human Resources Head Medicard Philippines, Inc.	

		<p>4F The World Centre  #330 Sen. Gil Puyat Ave.  Makati City  Tel. No. : 8-8849999 local 9947</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>COMPLIANT</p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p> <p>Links/References:</p> <p>MPI Policy on Whistle Blowing  <a href="https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_WHISTLE_BLOWING.pdf">https://www.medicardphils.com/documents/corporate-governance/POLICY_ON_WHISTLE_BLOWING.pdf</a></p>	
<p><b>Principle 16:</b> The Company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p><b>RECOMMENDATION 16.1</b></p>			
<p>1. Company recognizes and places importance on the interdependence between businesses and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> <p>Links/References:</p> <p>As an advocate of sustainable development, the Company is committed to operate profitably within the bounds of its social and environmental responsibility. Its commitment is expressed in the establishment of Medicard Foundation Inc. to be the CSR arm of the company. It is the first charitable institution in the Philippine HMO setting. It is a non-stock, non-profit organization duly registered under the Securities and Exchange Commission (SEC) and was officially incorporated on February 1, 2012 with endorsements from the Department of Health (DOH) and the Department of Social Welfare and Development (DSWD).</p>	

**CERTIFICATION**

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of \_\_\_\_\_ in the \_\_\_\_\_ of \_\_\_\_\_ 2021.

**(originally signed)**  
**DR. CONCEPCION S. MONTOYA**  
CHAIRMAN OF THE BOARD  
Signature over printed name

**(originally signed)**  
**DR. NICANOR CESAR S. MONTOYA**  
PRESIDENT/CEO  
Signature over printed name

**(originally signed)**  
**ATTY. MELVYN FLORENCIO**  
CORPORATE SECRETARY  
Signature over printed name

**(originally signed)**  
**FREDA N. BONGALON**  
CORPORATE GOVERNANCE COMPLIANCE OFFICER  
Signature over printed name

**(originally signed)**  
**EMMANUEL Y. MENDOZA**  
INDEPENDENT DIRECTOR  
Signature over printed name

**(originally signed)**  
**JUAN CARLOS L. SYQUIA**  
INDEPENDENT DIRECTOR  
Signature over printed name

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by the following who are all personally known to me (or whom I have identified through competent through competent evidence of identity) and who exhibited to me their respective identification document as follows

	NAME	I.D. NO.	DATE/PLACE ISSUED
1.	DR. CONCEPCION S. MONTOYA		
2.	DR. NICANOR CESAR S. MONTOYA		
3.	ATTY. MELVYN FLORENCIO		
4.	FREDA N. BONGALON		
5.	EMMANUEL Y. MENDOZA		
6.	JUAN CARLOS L. SYQUIA		

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Series of 2021.



## BOARD OF DIRECTORS SELF-ASSESSMENT SUMMARY FOR THE YEAR 2020

### Methodology

In order to cull relevant and conclusive data on the performance of the Board of Directors for the previous year, directors were asked to accomplish evaluation forms which utilized two (2) methods of data collection, namely the scaled (Likert) and comments box. This report attempts to summarize the collated data in a manner best suited to the aforementioned methods, as well as combine the results of the evaluation with the research of the third-party validator based on readily available information on the Company.

The Self- Assessment evaluates the performance of the Board of Directors and its individual members as well as the Chairman of the Board and the committees. The assessment has the following factors:

- I. Board Responsibilities
- II. Board Processes
- III. Individual Board Members
- IV. Management Relationship
- V. Chairman of the Board's Responsibilities
- VI. Committee Appraisal

Below is the summary of the result of the assessment conducted:

<b>BOARD RESPONSIBILITIES</b>	<b>Average Rating</b>
1. The Board demonstrates commitment to good corporate governance and oversees the Company's operation to ensure that the same is in accordance with highest ethical standards and in harmony with applicable laws, regulations and policies.	4.80
2. The Board is vigilant with the management of enterprise-wide risks and ensures that the Company has appropriate policies and procedures to effectively identify, monitor and mitigate these risks.	4.60
3. The Board responsibly and regularly monitors and approves the Company's financial statements including income statement, balance sheet and cash flows. The Board ensures that financial statements filed with regulatory authorities and released to the public represent an accurate, fair and true picture of the company's financial standing.	4.80
4. The Board reviews and approves an annual capital and operating budget and effectively monitors performance against budget throughout the year and ensures corrective action if negative variances occur.	4.80

5. The Board regularly takes into account the interests of minority shareholders along with the interests of all shareholder groups in every decision making process and all corporate undertakings.	4.80
<b>BOARD PROCESSES</b>	
1. Each member of the Board is given, in a timely manner, complete and relevant information and background materials for each item in the agenda to be discussed in every meeting.	4.60
2. Board members regularly attend to all Board and committee meetings and generally come adequately informed of the agenda and well prepared on the issues to be discussed. Attendance at board and committee meetings is 75% or more on a regular basis.	4.40
3. Board and Committee agendas are practical and realistic in terms of breadth and scope of topics to be discussed given the time available and are effectively managed in accordance with the relative importance of each topic for consideration.	4.40
4. Board meetings are conducted in a manner that ensures open and truthful communication, meaningful participation and timely resolution of issues. Each member of the Board exercises independent judgment in making a stand for a particular issue.	4.60
5. Board committees are well organized and contribute to the effectiveness of the Board. Each committee renders valuable aid in accordance with their particular area of expertise.	4.20
<b>INDIVIDUAL BOARD MEMBERS</b>	
1. As a member of the Board, I understand the vision, mission, values and strategies of the Company and I am aware of the function and role that I need to play as a Board member.	4.40
2. As a member of the Board, I am aware and I fully comprehend the by-laws and governing principles and policies of the Company and I keep myself updated on the latest standard and best practices in corporate governance.	4.20
3. As a member of the Board, I consciously and deliberately avoid engaging in any transaction or situation where a potential conflict of interests with the Company exists and if such a potential conflict appears, I immediately disclose the situation to the rest of the Board.	5.00
4. As a member of the Board, I regularly and actively participate in discussions with independence and objectivity and an open mind for differing opinions of other members.	4.40



5. I actively challenge the opinions of others in the course of discussion and issue resolution but I completely support the decisions of the Board once they are made even if I do not fully agree with the decision.	4.40
<b>MANAGEMENT RELATIONSHIP</b>	
1. The Board and CEO are clear on their respective roles and functions as well as the role of other management staff. There is a clear understanding of where the role of the Board ends and where that of the CEO/management begins.	4.40
2. The Board consistently challenges the CEO/management in order to understand and attend to the businesses better and to drive improvements in the Company's performance.	4.40
3. The Board has established appropriate and clear threshold limit and boundaries for Board or committee involvement in major business policies or decisions.	4.40
4. The Board ensures that an appropriate system of incentives is in place which sets down guidelines on how to distinguish and reward performers from non-performers.	4.80
5. The Board conducts a review of the CEO's performance and ensures that the performance objectives of the management is attune and in furtherance of the stated and agreed corporate goals.	4.40
<b>CHAIRMAN OF THE BOARD'S RESPONSIBILITIES</b>	
1. The Chairman makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations	4.00
2. The Chairman guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decision	4.20
3. The Chairman facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors	4.00
4. The Chairman ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management	4.00
5. The Chairman assures the availability of proper orientation for first time directors and continuing training opportunities for all directors	4.20

<b>COMMITTEE APPRAISAL</b>	
1. The Board has an effective committee structure.	4.00
2. The delegation of power from the Board to its Committees is appropriate with their relevant corresponding Charters.	4.20
3. The Committees regularly provide a report to the full Board and sufficiently update the Board on recent developments or such other matters that may require the Board action.	4.20
4. The frequency of meetings for each Committee is sufficient, allowing its members to perform their responsibilities according to the functions of the Committee.	4.00
Over-All Average Rating	4.40

The over-all rating for the performance of the Board that corresponds to their perception or evaluation of the Board's general performance is Outstanding.