



MediCard

Prescribed by Doctors

2022 CORPORATE ANNUAL REPORT

As of 28 February 2023

COMPANY OVERVIEW

MediCard Philippines, Inc. (“MediCard” or the “Company”) is a leading Health Maintenance Organization (HMO) offering total healthcare services to corporations, Small and Medium Enterprises (SMEs), individuals and families. MediCard has sustained its leadership position attributed to its strong market presence and the deep and far-reaching network of its HMO card, MediCard clinics located at key cities, coupled with partners and doctors nationwide to provide the best healthcare for Filipinos.

MediCard was incorporated in December 1986 and formally inaugurated on 15 May 1987 to provide comprehensive healthcare coverage to individuals in Metro Manila as well as in key provincial areas. The Company was conceptualized by a group of eminent physicians who saw the need to make healthcare as accessible as possible to many Filipinos.

As specialists in their own fields, they saw that health care can be beyond the reach of ordinary Filipinos due to limited healthcare programs available. With the cost of health care rising annually, more and more people cannot afford even routine check-ups in hospitals and doctors’ clinics.

From a company that started servicing only individuals and families, it has evolved to a healthcare provider that caters to big multinational and Filipino-owned corporations. MediCard now boasts of almost one million members and over 54,000 accredited doctors in more than 1,000 hospitals and clinics nationwide. It also operates 16 MediCard free-standing clinics that provide services at par with those offered by hospitals minus the confinement.

To make health care even more accessible to Filipinos, MediCard introduced prepaid health care services through its My MediCard, RxER, Health Plus and Health Check Cards. Even Filipinos working overseas can have peace of mind that their loved ones in the Philippines have health protection through MediCard Kabayan.

Since its inception, MediCard has always been guided by a service-oriented culture being the only HMO founded and managed by doctors. This differentiates it from its competitors in the market, alongside providing innovative schemes that cut down the cost of health maintenance without compromising quality.

Through the years, MediCard has maintained its leadership position in the market, remaining among the Top three HMOs in the Philippines, and one of the strongest, as it sits within the Top 500 corporations in the Philippines.

Vision

We are the partner of choice in managed health care with the most innovative range of quality programs and services in the industry.

Mission

We are the Health Maintenance Organization that contributes to the well-being of society by providing the best quality managed healthcare services.

FINANCIAL HIGHLIGHTS

Financial highlights – Financial Position (Assets)

	2022	2021 (Restated)	Change	%
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	P 1,262,603,747	P 1,082,145,519	P 180,458,228	17%
TRADE AND OTHER RECEIVABLES - NET	1,949,588,022	1,849,650,492	99,937,530	5%
TRADING AND INVESTMENT SECURITIES - NET	996,661,571	1,055,384,036	(58,722,465)	-6%
PREPAYMENTS AND OTHER CURRENT ASSETS	386,793,109	209,333,652	177,459,457	85%
TOTAL CURRENT ASSETS	P 4,595,646,449	P 4,196,513,699	P 399,132,750	10%
NON-CURRENT ASSETS				
INVESTMENT SECURITIES - NET	P 2,159,140,262	P 2,402,962,910	(243,822,648)	-10%
INVESTMENT IN A SUBDIARY	1,250,500	1,250,500	-	0%
PROPERTY AND EQUIPMENT - NET	787,739,199	551,657,824	236,081,375	43%
INVESTMENT PROPERTIES - NET	2,188,152	4,747,803	(2,559,651)	-54%
RETIREMENT BENEFIT ASSET	-	81,262,798	(81,262,798)	-100%
DEFERRED TAX ASSETS - NET	152,713,084	266,922,183	(114,209,099)	-43%
OTHER NON-CURRENT ASSETS	128,326,981	125,524,331	2,802,650	2%
TOTAL NON-CURRENT ASSETS	P 3,231,358,178	P 3,434,328,349	(202,970,171)	-6%
TOTAL ASSETS	P 7,827,004,627	P 7,630,842,048	P 196,162,579	3%

Financial highlights – Financial Position (Liabilities and Equity)

	2022	2021 (Restated)	Change	%
CURRENT LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	P 2,053,270,777	P 1,791,672,026	P 261,598,751	15%
HEALTH FUND	176,302,049	368,769,327	(192,467,278)	-52%
LEASE LIABILITIES	48,888,602	42,652,555	6,236,047	15%
UNEARNED FEES	2,821,589,196	2,163,355,902	658,233,294	30%
TOTAL CURRENT LIABILITIES	P 5,100,050,624	P 4,366,449,810	P 733,600,814	17%
NON-CURRENT LIABILITIES				
REFUNDABLE DEPOSITS	P 5,340,383	P 5,326,060	P 14,323	0%
LEASE LIABILITIES	101,977,761	68,532,279	33,445,482.00	49%
RETIREMENT BENEFIT OBLIGATION	72,227,631	-	72,227,631	-
FIDELITY BONDS PAYABLE	3,938,934	3,973,987	(35,053)	-1%
TOTAL NON-CURRENT LIABILITIES	P 183,484,709	P 77,832,326	P 105,652,383	136%
TOTAL LIABILITIES	P 5,283,535,333	P 4,444,282,136	P 839,253,197	19%
EQUITY				
CAPITAL STOCK	P 1,050,000,000	P 750,000,000	P 300,000,000	40%
ADDITIONAL PAID-IN CAPITAL	1,034,484	1,034,484	-	0%
REVALUATION RESERVES	(243,020,805)	(115,250,751)	(127,770,054)	111%
RETAINED EARNINGS	1,735,455,615	2,550,776,179	(815,320,564)	-32%
NET EQUITY	P 2,543,469,294	P 3,186,559,912	(643,090,618)	-20%
TOTAL LIABILITIES AND EQUITY	P 7,827,004,627	P 7,630,842,048	P 196,162,579	3%

Financial highlights – Financial Performance

	2022	2021 (Restated)	Change	%
REVENUES	P 9,327,230,326	P 8,981,931,569	P 345,298,757	4%
COSTS AND OTHER OPERATING EXPENSES	9,897,567,816	8,102,506,620	1,795,061,196	22%
PROFIT (LOSS) FROM OPERATIONS	(570,337,490)	879,424,949	(1,449,762,439)	-165%
FINANCE INCOME - NET	225,005,299	198,769,257	26,236,042	13%
PROFIT (LOSS) BEFORE TAX	(345,332,191)	1,078,194,206	(1,423,526,397)	-132%
TAX EXPENSE	169,988,373	288,958,967	(118,970,594)	-41%
NET PROFIT (LOSS)	(515,320,564)	P 789,235,239	(P 1,304,555,803)	-165%

Summary of 2021 Restatements

	2021 (Restated)	2021 (Reported)	Change	%
CURRENT ASSETS				
TRADE AND OTHER RECEIVABLES - NET	P 1,849,650,492	P 1,841,129,366	P 8,521,126	0%
CURRENT LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	P 1,791,672,026	P 1,802,190,202	(10,518,176)	-1%
UNEARNED FEES	2,163,355,902	1,849,581,348	313,774,554	17%
EQUITY				
RETAINED EARNINGS	P 2,550,776,179	P 2,845,511,431	(294,735,252)	-10%
INCOME AND EXPENSES				
REVENUES	P 8,981,931,569	P 9,295,706,123	(313,774,554)	-3%
COST OF SALES AND SERVICES	6,904,517,006	6,923,556,308	(19,039,302)	0%
NET EFFECT ON RETAINED EARNINGS	P 2,077,414,563	P 2,372,149,815	(294,735,252)	-12%

CAPITAL STRUCTURE

Authorized Capital Stock	-	PHP1,750,000.000.00
Subscribed and Paid-Up	-	PHP1,050,000,000.00
No. of Shares Issued & Outstanding	-	10,500,000 shares
Par value	-	PHP100.00/ share
Financial Year End	-	31 December
Relevant Regulator	-	Insurance Commission
External Auditor	-	Punong Bayan & Araullo

LIST OF STOCKHOLDERS

<u>Name of Stockholders</u>	<u>Nationality</u>	<u>No. of Shares</u>	<u>Amount Paid</u>	<u>% of Ownership</u>
AIA Philippines Life and General Insurance Company, Inc.	Hong Kong SAR	10,499,993	1,049,999,300.00	99.99993%
Nicanor Cesar Bruno S. Montoya	Filipino	1	100.00	0.00007%
Leo Michel Grepin	American	1	100.00	
Chee Keong (Kelvin) Ang	Malaysian	1	100.00	
Stuart Anthony Spencer	American	1	100.00	
Axel Fritz Baur	German	1	100.00	
Kenneth Y. Hartigan-Go	Filipino	1	100.00	
Mellissa Limcaoco	Filipino	1	100.00	
TOTAL		10,500,000	1,050,000.00	100%

MEMBERS OF THE BOARD OF DIRECTORS

1. Nicanor Cesar Bruno S. Montoya II
2. Leo Michel Grepin
3. Chee Keong (Kelvin) Ang
4. Axel Fritz Baur
5. Stuart Anthony Spencer
6. Kenneth Y. Hartigan-Go
7. Mellissa Limcaoco

CORPORATE OFFICERS

Leo Michel Grepin	- Chairman of the Board
Nicanor Cesar Bruno S. Montoya II	- Chief Executive Officer
Julian Mengual*	- Executive Vice President
Aristotle Salas	- VP Treasurer
Elizabeth Laqui	- Comptroller
Melvyn Florencio	- Corporate Secretary
Rikka C. Peralta	- Head of Internal Audit
Regine Azul	- Asst. Corporate Secretary

*subject to regulatory approval

OTHER OFFICERS

Nicanor Juan Andres S. Montoya
Gary James Ogilvie
Denise Saclag
Carla J. Domingo
Maria Cristina Helena G. Samaniego
Jose Roy Hipolito
Grace Aglubat
Catherine Jimenez
Rosemarie Alipio
Freda Bongalon

- Chief Operating Officer
- Financial Officer
- Financial Reporting Officer
- Interim Head of Legal
- Interim Chief Risk Officer
- Interim Compliance Officer
- VP Information Technology
- Director Medical Services
- AVP Claims and Reimbursement
- AVP Human Resources

BOARD OF DIRECTORS PROFILE



LEO MICHEL GREPIN

Regional Chief Executive and Group Chief Strategy Officer, AIA Group
Chairman of the Board
(since 28 February 2023)

Mr. Leo Grepin is the Regional Chief Executive and Group Chief Strategy Officer of the AIA Group, responsible for the Group's business operating in Australia, New Zealand, Indonesia and the Philippines as well as leading the Group's Strategy and Corporate Development functions. Mr. Grepin joined the AIA Group in January 2022.

Prior to joining the Group, Mr. Grepin was President of Sun Life, Asia. Before joining Sun Life, he was at Bridgewater Associates, a global hedge fund, where he led the team managing portfolio construction and trade generation. He also spent 15 years at McKinsey & Company and led the global client service teams serving several multinational insurers and asset managers as Senior Partner.

Mr. Grepin has a Master of Science in Aeronautics and Astronautics from the Massachusetts Institute of Technology and a Bachelor of Engineering in Mechanical Engineering (Hons) from McGill University.



DR. NICANOR CESAR S. MONTOYA
President and Chief Executive Officer,
MediCard Philippines, Inc.
(since 28 February 2023)

Dr. Montoya joined MediCard as Medical Director in March 1999. He holds the position of President and Chief Executive Officer from 2010 up to present.

He is also the President of URO Industrial Clinic and the Corporate Secretary of Crest Stone Trading Corporation Inc.

Dr. Montoya specializes in Plastic Reconstructive and Cosmetic Surgery. He graduated from the College of Medicine – University of the Philippines.



CHEE KEONG (KELVIN) ANG
Non-Executive Director
(since 28 February 2023)

Mr. Kelvin Ang, AIA Philippines' Chief Executive Officer, is a home-grown talent with over 20 years of service in AIA. He has served in various Leadership and Agency Distribution roles across the AIA Group Office and the local Business Units—including Hong Kong, Malaysia, Indonesia, Vietnam, and China. In his role as Chief Agency Officer of China and General Manager of Shanghai, he played a vital part in the success of AIA China's agency transformation. Mr. Ang also led the successful AIA-ING agency integration in Malaysia from 2015 to 2018. After his stint in AIA Malaysia, he was appointed as Regional Chief Agency Officer, with AIA Hong Kong, China, and Vietnam in his portfolio, with the mission to future proof the business through digitalization and new market expansion.

Mr. Ang earned his bachelor's degree at the Royal Melbourne Institute of Technology in Australia and his master's degree in Business Administration from Bath University in the United Kingdom. He is also currently a corporate member of the Philippine Life Insurance Association Inc. (PLIA).



DR. KENNETH Y. HARTIGAN-GO

Lead Independent Director
(since 28 February 2023)

Dr. Kenneth Hartigan-Go is a Non-Resident Research Fellow of the Ateneo Policy Center of the School of Government and an Adjunct Faculty at the Asian Institute of Management (January 2021 to June 2023), serving as School Head of the Stephen Zuellig School of Development Management of AIM (December 2016 to September 2020). He has been an Honorary Visiting Associate Professor of the Saw Swee Hock School of Public Health, National University of Singapore since January 2022.

He has rendered service to the Philippine Government in various capacities: as the Undersecretary for the Department of Health from 2015 to 2016); Director General of the Food and Drugs Administration (October 2012 to October 2014); and the Deputy Director of the Bureau of Food and Drugs (1999 to 2001).

He was the founding Executive Director of the Zuellig Foundation, holding the position from 2001 to 2009. He was a faculty member of the UP College of Medicine (1990 to 2006), Ateneo School of Medicine and Public Health (until 2010) and AIM (2010-2015).

He holds Doctor of Medicine degrees from the University of the Philippines College of Medicine (1985), and from Newcastle University UK (1998, Clinical Pharmacology). He is a Fellow of the Royal College of Physicians (Edinburgh), a Fellow of the American College of Physicians, Honorary Fellow of the Academy of Medicine, Singapore and Honorary Fellow of the Singapore College of Physician since 2017. From 2017 to 2018, he was the President Philippine College of Physicians.

From 2013 to 2016, he advised the Chair of the APEC's Life Science Innovation Forum (LSIF) executive board. He served as member of the WHO Global Advisory Committee on Vaccine Safety and the WHO Advisory Committee on the Safety of Medicinal Products. He is a member of the Steering Committee of the NUS Initiative for Health in Asia (NIHA), and Expert Panel

member of the Center for Regulatory Excellence based in Singapore.

In the mid-2000's he was also President of the Corporate Network for Disaster Response (CNDR) and a founding member of the Laban Konyumer Inc, an NGO Consumer advocacy organization since 2016.

He sits as trustee in the Cullion Foundation Inc., and in the OML Center for Climate Change Adaptation, as independent director of Generika, CARD MRI BotiCARD Inc, and a member of the National Council of Biosafety Philippines. He sat previously as Board Member of ARISE Ph (UNDRR) (2020 to 2021), as independent director for Equicom Savings Bank (2011 to 2021), Maxicare Health Corporation (2017 to 2022), and MedGrocer (2020).

Dr. Hartigan-Go is the immediate past president of the International Society of Pharmacoeconomics and Outcome Research Philippine Chapter (2014 to 2021). He is a Fellow of the Institute of Corporate Directors, and is also a member of the Scientific Advisory Group for COVAX Facility No-fault Compensation program since April 2021. He currently sits as a member of the National Advisory Group for Philippine National Police Leadership Transformation and Development (27 Jan 2022).



MELLISSA LIMCAOCO

Independent Director
(since 28 February 2023)

Ms. Mellissa Limcaoco is the Chief Executive Officer of Amplifi Tech Corp. a marketing technology company. Amplifi leverage their proprietary technology and developed a platform that helps companies scale their on-line communities and increase their engagement and sales. The platform uses modern analytics and its unique conversational application, which uses functions to understand local vernacular, idioms and cultural nuances.

Prior to joining Amplifi in 2018, she was with ABS-CBN as Head of Digital Transformation and Iwant TV from March 2016 to February 2018. She led the team that developed Digital,

Mobile and TV Plus products, and headed IWant TV, online content, innovation, and partnerships for TV Plus, as well as initiated and led the partnership of Smart and ABS-CBN which brought in PHP300 million in revenue to the company.

Ms. Limcaoco was also with Smart Communication from September 2011 to March 2016 as First Vice President, heading the Innovations and Product Development of the Consumer Wireless Division. In her stint in Smart, she led product development, strategic innovations, business solutions, VAS and load business, headed the Marketing Group of the Smart Brand - Prepaid, Postpaid and Broadband, and created and headed the Digital Media Unit of Smart - Digital Marketing, Social Media, Online store and Digital Assets.

She was the President and CEO of Tribal DDB Philippines, October 2010 to August 2011; Founder and Managing Director, Entertainment Gateway Group December 2000 to June 2010; Founder and Managing Director, Personalized Greetings, Inc., July 1991 to December 2000; and was accepted into the Management Trainee Program of Unilever Philippines assigned to Close-Up toothpaste and Superwheel detergent, the latter being the flagship brand of the company from June 1989 to June 1991.



STUART ANTHONY SPENCER

Non-Executive Director
(since 28 February 2023)

Mr. Stuart A. Spencer is the Chief Marketing Officer of AIA Group and oversees customer engagement, propositions, branding, AIA Vitality, communications, sponsorships, events, digital platforms and healthcare. He is a director of various companies within the Group.

Mr. Spencer re-joined AIA in May 2017 from Zurich Insurance Group, where he was most recently interim CEO, Asia Pacific and prior to that, CEO, General Insurance, Asia Pacific from 2013 to 2016.

Mr. Spencer occupied various leadership roles in the American International Group from 1996 to 2009, during which time he held a number of senior positions including leading

the Accident and Health General Insurance business in Latin America and acting as President of Accident and Health Worldwide for the AIG Life Companies.

Mr. Spencer started his career in New York at American Express Travel Related Services in Marketing. He is an alumnus of the Harvard Business School, The Fletcher School of Law and Diplomacy and Brandeis University.



AXEL FRITZ BAUR

Non-Executive Director
(since 28 February 2023)

Mr. Axel Fritz Baur was a senior partner of McKinsey, having served previously in Europe, Middle East, Japan and Hong Kong. He was the leader of McKinsey's Healthcare Practice in Asia, serving Pharmaceutical and Medical Product companies as well as Health Systems and Insurance companies.

Mr. Baur serves the broader healthcare industry, focusing on public and private health insurance as well as hospital operations. He advises top management in pharmaceutical and medical product companies along their entire value chain. Lately he has been dealing with the significant rise of HealthTech innovation and has been advising large incumbents on how to take advantage as well as protect existing business.

Mr. Baur has supported numerous Asian players in setting up global operating models; he helps large private insurance companies develop strategies to maximize the growing opportunities in Asia; and he guides large transformations in extracting synergies either from acquisitions or reduce significant amounts of the client's operating costs.

Mr. Baur is an expert in innovative care delivery models and is heavily involved in developing McKinsey's thinking on how healthcare systems can tackle future challenges.

BOARD SUPPORT

ATTY. MELVIN S. FLORENCIO **Corporate Secretary**

Atty. Florencio is currently the Corporate Secretary of MediCard, but not its Compliance Officer. As of 28 February 2023, the Company's Interim Compliance Officer is Mr. Jose Roy Hipolito, who is the Associate Director for Compliance of AIA Philippines. Atty. Florencio serves as Corporate Secretary of TCL On Line, Inc. and Appliance Phils., Inc. since January 2010. He is also the managing lawyer of Florencio Law Offices since April 2003. Serves as an External Counsel for TCL Sun Philippines since March 2010. He is also a General Counsel for the following companies: Solid Group, Inc., since Sept. 2007; Solid Manila Corp., since September 2007; AV Value Holdings, Inc., since October 2011; My Solid Technologies & Devices Corp. (MyPhone), since May 2017.

He is a graduate of Bachelor of Arts in Philosophy at the University of the Philippines, Diliman in 1994. He graduated Bachelor of Laws at San Beda College in 1990.

MARIA CRISTINA HELENA G. SAMANIEGO **Interim Chief Risk Officer**

Ms. Maria Cristina Helena Samaniego is AIA Philippines' Chief Risk and Compliance Officer and concurrently the Interim Chief Risk Officer for MediCard Philippines. She holds a rank equivalent to Senior Vice President and is a member of the Company's Executive Committee. Ms. Samaniego is not a member of the board of the Company.

RIKKA C. PERALTA **Head of Internal Audit Philippines**

Ms. Rikka Peralta is a home-grown talent taking over the leadership of the internal audit from her former role as Deputy Head of Group of Internal Audit Philippines for AIA Philippines. She has been with AIA Philippines for more than 15 years and has played a key role in managing the audit plans and activities while overseeing the team of internal auditors. Internal audit is not outsourced.

BOARD COMMITTEES

a. Audit and Related Party Transaction (RPT) Committee **b. Corporate Governance Committee**

Dr. Kenneth Hartigan-Go – Chairman
Ms. Mellissa Limcaoco
Mr. Axel Baur

Ms. Mellissa Limcaoco – Chairperson
Dr. Kenneth Hartigan-Go
Mr. Stuart Spencer

c. Board Risk Committee

Mr. Kelvin Ang – Chairman
Dr. Kenneth Hartigan Go
Ms. Mellissa Limcaoco

CORPORATE GOVERNANCE

MediCard Philippines, Inc. confirms its full compliance to the Code of Corporate Governance. Its commitment to the highest standards of corporate governance is rooted in the belief that a

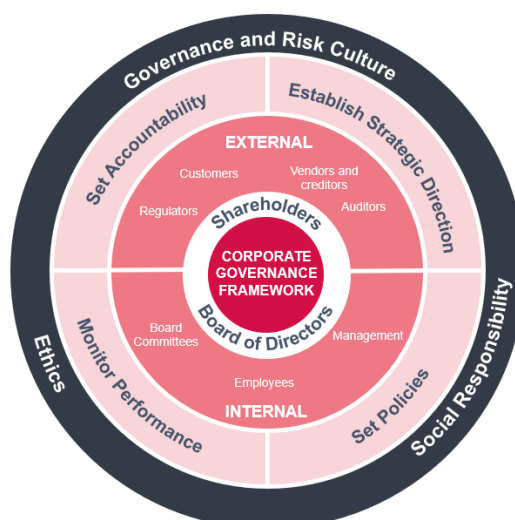
culture of integrity and transparency is essential to the consistent achievement of its goals. By creating a sustainable culture, where trust and accountability are as vital as skill and wisdom, the Board is steered towards achieving long-term value for shareholders and customers, and strengthens confidence in the institution.

CORPORATE GOVERNANCE POLICY

The Company’s Corporate Governance Policy places on the Board the ultimate responsibility for the sustainable performance of the Company, including its consistent achievement of business plans and compliance with statutory and corporate obligations. To fulfil such responsibility, the Board adopts a policy of adherence to all legislations, regulations, and statutory standards as may be applicable and relevant to the Company, and mandates all directors, senior management, and employees to abide by the principles of good governance and the Company’s Code of Conduct (or more commonly known as Code of Ethics).

CORPORATE GOVERNANCE FRAMEWORK

The Company’s corporate governance framework underpins its commitment to corporate governance principles and leading practices.



ROLE AND RESPONSIBILITIES OF THE BOARD

The Board of Directors exercises all the powers of the corporation, and all business and properties of the Company are conducted, controlled, and held by them. The Board is completely independent from management and major stockholders. It is accountable to the shareholders and as such, will ensure the highest standard of governance in running MediCard’s business and setting its strategic direction. The detailed roles and responsibilities are set forth in the By Laws and the Corporate Governance Policy and Procedure Manual (“Corporate Governance Manual”) of the Company.

BOARD INDEPENDENCE AND DIVERSITY

The Board of Directors has a balanced composition of executive and non-executive directors, such that no individual or small group of individuals can dominate the Board’s decision making. The Board will determine whether a director is independent in character and judgment, or if there are relationships or circumstances which are likely to affect the director’s judgment.

The Board also recognizes the benefits of having a diverse Board as an essential element in maintaining a competitive advantage and achieving optimal decision-making. The Board considers diversity in age, gender, ethnicity, culture, race, skills, regional and industry experience and background, and other distinctions in determining the composition of the Board of Directors.

The Board also ensures that each director does not have, directly or indirectly, a financial, legal or other relationship with the Company or its affiliates that would reasonably interfere with the exercise of independent judgment in carrying out his or her responsibilities.

BOARD PROCESS

The Board meetings are held on a quarterly basis unless a special meeting is necessary to discuss urgent matters. Minutes of meetings of the Board and all Committees are kept by the Corporate Secretary and are open for inspection by the Board and Stockholders upon request. Board materials are sent to the members at least five business days before the scheduled board meetings.

In addition to the regular meetings, the directors also engage in informal meetings on a quarterly basis to further discuss issues and strategies. Non-executive directors also find time to meet separately to discuss the business affairs of the Company. Independent Directors likewise regularly meet with management, the compliance officer, the internal auditors, and the external auditors, separately, to ensure proper check and balance is achieved by the Company.

BOARD AND SENIOR MANAGEMENT SUCCESSION AND SELECTION PROCESS

The Board will ensure that plans are in place for orderly succession to the Board and senior management to maintain a balance of appropriate skills and experiences within the Company. The Company's Corporate Governance Manual prescribes a formal, rigorous and transparent procedure for the selection and appointment of directors of the Board and senior management. Appointments to MediCard Board of Directors or senior management are based on merit and subject to objective criteria as set forth in the Corporate Governance Manual. Careful deliberation and consideration are done to ensure that nominees are fit-and-proper to sit in the Board or in senior management.

The Company, through its major shareholder and the Corporate Governance Committee (acting as the Nomination and Remuneration Committee, pursuant to Insurance Commission (IC) Circular Letter (CL) No. 2020-71), consider the knowledge, competencies, skills, and experience of the nominee-director or senior executives, taking into account the Company's business objectives and strategies. The Company will ensure that its Board membership and senior management consist of highly qualified individuals with sufficiently diverse talents, skills, experience and background and possess a record of integrity and good repute. Another primary consideration in the hiring process is the wealth of experience of the nominees, their possible contribution to the development and achievement of strategies, and ultimate achievement of the Company's goals and objectives. This is important to ensure that the quality of directors is aligned with the Company's strategic direction.

To enable selection of most qualified individuals, the Company seeks the aid of independent third-party professional search firms to identify and source qualified directors and senior executives.

For senior management succession, the Board maintains oversight on the Organization People Review (OPR) exercise annually conducted by the Company's Human Resources to

ensure retention of talents and minimize business disruption in the event of any senior executive separation from the Company.

PROCEDURE FOR ELECTION OF DIRECTORS

The Board uses a transparent procedure for the election of directors. Screening processes are done both locally and in the AIA Group. The Corporate Governance Committee, acting as the Nomination and Remuneration Committee, considers the qualifications of directors and thereafter, the Board deliberates on the recommendation of the Committee. At the shareholders meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each shareholder with voting privilege will be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary will count the votes and thereafter declare the duly elected members of the Board.

NEW DIRECTOR ORIENTATION PROGRAM AND CONTINUOUS ANNUAL BOARD TRAINING (2023 onwards)

For newly elected directors, the Corporate Secretary schedules and provides a comprehensive orientation to explain the organizational profile, charters, by laws, policies, and procedures of the Company. In compliance with the Circular issued by the IC, MediCard will ensure that all its directors have attended a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Commission.

The Board members are also encouraged to attend further training and inform the Company on such trainings attended. MediCard provides necessary resources in developing and updating its directors' knowledge and capabilities. Starting 2023, the Company will hold its four-hour IC-Mandated Annual Continuing Board Training on Corporate Governance where various topics will be covered and discussed by competent speakers considered experts in their field. The Company encourages the directors to attend continuous professional education programs such as the Professional Directors' Program of the Institute of Corporate Directors.

PERFORMANCE EVALUATION

The Board has established its own performance evaluation, the criteria of which are based on the IC's Circular on Corporate Governance. The Board, as well as the Committees, will conduct an annual self-assessment on its own, the Committees and senior executive performance, the results of which will be submitted to the Corporate Committee (formerly: Governance, Nomination and Compensation Committee) and to the Board of Directors.

In the Annual Board Performance Evaluation Survey, the Board members will be required to rate the performance of the Chairman, the CEO, the Board, and the Board Committees based on the standards and criteria provided. The criteria include, but are not limited to, the following: the appropriateness of the Board's composition; the directors' skills, expertise, and their participation and contribution to the Board and Committee discussions; the working relationship amongst the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the independent directors, the Board and the various Board Committees.

In the Survey, the Board members will be required to give the subject either an 'excellent'; 'consistently good'; 'adequate'; or 'needs major improvement' rating. The directors are also required to provide other ideas and suggestions on how they can further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will consolidate and evaluate the answers and submit the

results to the Governance, Nomination and Compensation Committee for its approval. The results will then be reported to the Board for its notation.

BOARD MEETINGS IN 2022

To exercise its discretionary powers and management oversight of the Company, the Board of Directors sees to it that it meets on a regular basis as required by law and Company By-Laws. Unless otherwise provided by law or the Company By-Laws, majority of the directors will constitute a quorum to transact corporate business, provided that when a Board decision is needed, a minimum quorum of 2/3 of the directors will be required, except for the election of officers which will necessitate the vote of majority of all the members of the Board, to be considered as a valid corporate act.

Before the start of the financial year, the Corporate Secretary advises the members of the Board of the schedules of their meetings, which may change subject to their availability and other reasonable circumstances. Board meetings are regularly set, while special meetings are called by the Chief Executive Officer, or as provided in the Company-By-Laws.

Five days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board their respective meeting packs, which would contain, among others, the Board and Committee meeting minutes, the management report and financial highlights, and other items that need action and approval of the Board.

For 2022, the Board of Directors had a total of 25 meetings, where the Board posted an overall attendance rate of 85.33 percent.

BOARD OF DIRECTORS	
Member	<p style="text-align: center;">DATE OF MEETING</p> <p>3 January 2022 (Special)</p> <p>28 January 2022 (Joint)</p> <p>04 February 2022 (Special)</p> <p>15 February 2022 (Special)</p> <p>25 March 2022 (Special)</p> <p>2 May 2022 (Special)</p> <p>10 May 2022 (Special)</p> <p>12 May 2022 (Regular)</p> <p>23 May 2022 (Special)</p> <p>25 May 2022 (Special)</p> <p>13 June 2022 (Special)</p> <p>11 July 2022 (Special)</p> <p>29 July 2022 (Special)</p> <p>8 August 2022 (Special)</p> <p>5 September 2022 (Special)</p> <p>16 September 2022 (Special)</p> <p>28 September 2022 (Special)</p> <p>6 October 2022 (Special)</p> <p>13 October 2022 (Special)</p> <p>28 October 2022 (Special)</p>

	4 November 2022 (Special) 11 November 2022 (Special) 22 November 2022 (Special) 6 December 2022 (Special) 20 December 2022 (Special) 25 Meetings (85.33%)
Nicanor Cesar S. Montoya	25 Meetings (100%)
Juan Andres S. Montoya	25 Meetings (100%)
Luis Antonio S. Montoya	25 Meetings (100%)
Juan Carlos L. Syquia	25 Meetings (100%)
Emmanuel Y. Mendoza	15 Meetings(60%)
Ma. Concepcion M. Yap	16 Meetings(60%)

FEE STRUCTURE AND REMUNERATION OF DIRECTORS

The independent directors of MediCard play a significant role in achieving the Company's business objectives today and in the future. As independent directors, they effectively participate and provide objective, independent judgment in the business affairs of the Company, and at the same time ensure that proper checks and balances are in place.

Considering the above, and in view of the stricter corporate and regulatory environment in the country, the Company believes that the independent directors should be adequately compensated for the knowledge, skills, and expertise they share and impart to the Board; for the time and effort they provide to the Company; and for potential risks and liability they may be exposed to as its members. The fee structure of the independent directors is based on various factors, such as but not limited to director's qualification and experience, skills, and expertise; financial services sector benchmark; market condition; and regulatory environment.

As reviewed and approved by the shareholders of the Company on an annual basis, the independent directors receive fixed directors' fees per Board and Committee meeting attended, and annual fees.

The executive and non-executive directors do not receive any remuneration for their directorship in MediCard.

DIVIDEND POLICY

In declaring and paying cash dividends, the Company considers the following factors: a) local statutory requirements relating to solvency and liquidity; b) ongoing sustainability of corresponding insurance fund taking into consideration likely future changes in regulatory requirement; and c) likely future strategic initiatives.

For the year 2022, the Company did not declare any cash dividend.

NEW BOARD AND COMMITTEE CHARTERS AND CORPORATE GOVERNANCE POLICY MANUAL

In compliance to the requirements stipulated in the IC CL No. 2020-71, the Board in its 28 February 2023 meeting approved a new Board Charter, Corporate Governance Manual, and Committee Charters, as well as passed several policies. Below are the highlights of the said manual and policies:

a. **Board Charter** - sets out the roles and responsibilities of the Board primarily delegating to the Board the ultimate responsibility for the sustainable performance of the Company and its subsidiaries, including the consistent achievement of business plans and compliance with statutory as well as corporate obligations. **For more details, the full text of the charter is available on the company website.**

b. **Revised Corporate Governance Policy and Procedure Manual (Corporate Governance Manual)** – articulates the Company’s good corporate governance practices including board annual and on-boarding training, and training topics, among others. **For more details, the full text of the Corporate Governance Manual is available on the company website.**

c. **Audit and Related Party Transaction (RPT) Committee Charter** – sets out the terms of reference of the Committee. **For more details, the full text of the Charter is posted on the company website.**

d. **Corporate Governance (RPT) Committee Charter** – sets out the terms of reference of the Committee. **For more details, the full text of the Charter is posted on the company website.**

d. **Board Risk Committee Charter** – sets out the terms of reference of the Committee. **For more details, the full text of the Charter is posted on the company website.**