

METROCARE HEALTH SYSTEMS, INCORPORATED
ANNUAL CORPORATE GOVERNANCE REPORT
[YEAR 2023]

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: 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.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	The members of the company's Board of Directors (BOD) have adequate collective working knowledge and experience in the HMO industry. The incumbent directors, both regular and independent, have been with the company for at least seven (7) years.	
2. Board has an appropriate mix of competence and expertise.		The BOD has an appropriate mix of competence and expertise, commensurate to the nature and size of the company, given their diverse background, experience and specialization. Reference is made to the following documents: 1. Letter/submission to the Insurance Commission (IC) dated 09 January 2017 re ' <i>List of Members of the Board of Directors and Compliance with the Requirement to Attend a Course on Corporate Governance</i> ' (with attached minutes of Special Stockholders' Meeting, Secretary's Certificate and Certifications) [Annex "A"] 2. Letter/submission to the IC dated 18 January 2023 re ' <i>List of Members of the Board of Directors, BOD Members, and Compliance with the Corporate Governance Requirement</i> ' (with attached Secretary's Certificate, Minutes of the Special Stockholders Meeting) [Annex "B"]	

		3. Updated Biographical Data of the members of the BOD for the year 2023 [Annexes “C to C-5”]	
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.	Compliant	<p>All Directors of the company possess all the qualification requirements prescribed under IC CL No. 2016-51, 2020-72, and the company’s pertinent policies. The directors are required to maintain their present qualifications or upgrade the same, as may be necessary, to ensure the company’s continuing compliance with the prescribed standards, internal and external.</p> <p>The company’s Independent Directors are engaged based on the high qualification standards prescribed by the IC. Regular directors are elected by the stockholders of the company based on established qualifications including, but not limited to, character, competency, experience, and compliance with the company’s Corporate Governance standards and requirements.</p> <p>Reference is made to the following documents:</p> <ol style="list-style-type: none"> 1. Annex A 2. Annex B 3. Annexes C to C-5 4. Letter/submission to the IC dated 17 May 2019 re ‘<i>Compliance with the Corporate Governance Requirement</i>’ (with attached Certifications of the new Director and Officer) [Annex “D”] 5. Letter/submission to the IC dated 11 May 2022 re ‘<i>Compliance with the Corporate Governance Requirement</i>’ (with attached Certification of the new Director) [Annex “E”] 5. The company’s Corporate Governance Policy [Annex “F”] 	

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>Four (4) of the five (5) members of the BOD are Non-Executive Directors. This includes the BOD's Chairman and the two Independent Directors.</p> <p>Reference is made to the following documents:</p> <ol style="list-style-type: none"> 1. General Information Sheet for the year 2023 [Annex "G"] 2. Annexes A, B, C series 	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The company has an existing policy on training and orientation for first time directors. This is included in the company's Corporate Governance Policy. This is in addition to the regular training programs for members of the company.</p> <p>The company's Corporate Governance Policy likewise mandates compliance with the necessary trainings and seminars for directors as required by the IC.</p> <p>Reference is made to the following document:</p> <ol style="list-style-type: none"> 1. Annex E (supported by Annexes A, B, D) 	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant		
3. Company has relevant annual continuing training for all directors.	Non-Compliant/ Substantially Compliant	<p>Reference is made to the following documents:</p> <ol style="list-style-type: none"> 1. Letter/submission to the IC dated 07 January 2019 re '<i>List of New Members of the Board of Directors, New Officers, and Compliance with the Corporate Governance Requirement</i>' [Annex "H"] 2. Letter/submission to the IC dated 16 February 2021 re '<i>List of New Members of the Board of Directors, New Officers, and Compliance with the Corporate Governance Requirement</i>' [Annex "I"] 3. Annex E 	<p>As previously explained to the IC, the corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size, and scale of operations.</p> <p>On account of the small and limited business operations of the company, coupled with the continuity in the BOD membership, the company's initial compliance with the Corporate Governance Course requirement is deemed as</p>

		4. Annex F	<p>substantial compliance with the overall principles recommended by the IC.</p> <p>Reference is made to Annex I, where the company's Compliance Officer sought confirmation/opinion of the IC on the matter of further training/orientation course of incumbent directors.</p> <p>Action Plan: Conduct annual continuing training for all directors, as may be warranted and/or directed by the IC.</p>
Recommendation 1.4			
1. Board has a policy on board diversity.	Non-Compliant/ Substantially Compliant	The BOD for the year 2023 is composed of four (4) male directors and one (1) female director, with varying backgrounds, ages, ethnicity, skills and experience	<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature and scale of operations.</p> <p>The requirement on strict board diversity may not be totally necessary given the actual nature and structure of the company.</p> <p>This notwithstanding, the BOD for the year 2023 is composed of four (4) male directors and one (1) female director, with varying ages, ethnicity, skills and experience. The actual BOD membership for the year 2023 is compliant with and meets the objectives of the subject recommendation. Moreover, collaborative, objective and optimal decision-making on the part of the BOD is at all times maintained for the benefit of all stakeholders, especially the HMO members.</p> <p>Action Plan: Revise the Corporate Governance Policy to include Board Diversity, as may be warranted and/or directed by the IC.</p>
Recommendation 1.5			

<p>1. Board is assisted in its duties by a Corporate Secretary.</p>	<p>Compliant</p>	<p>The BOD is assisted by a qualified Corporate Secretary. The company's Corporate Secretary is a practicing lawyer with fifteen (15) years of experience in the field of corporate law and other pertinent fields, including corporate secretarial works.</p> <p>Reference is made to the following documents:</p> <ol style="list-style-type: none"> 1. Annexes B, D, H 2. Updated Biographical Data of the Corporate Secretary [Annex "J"] 3. Annex F (re Duties and Functions) 	
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>Non-Compliant/ Substantially Compliant</p>		<p>The positions of Corporate Secretary and Compliance Officer are held by one and the same person. This is only reasonable given the nature, size and limited business operations of the company.</p> <p>This circumstances notwithstanding, the requirements of the BOD and the compliance required by the IC are not compromised. The company's Corporate Secretary/Compliance Officer provides extensive assistance to the BOD in compliance with the requirements of the IC and for the best interests of all stakeholders. The set-up will neither give rise to conflict of interest nor compromise the efficiency of the two positions given the size and scale of operations of the company. Finally, the competence and qualifications of the Corporate Secretary/Compliance Officer render him capable of performing the functions of both offices.</p> <p>Action Plan: Comply with the recommended standard, as may be warranted and/or directed by the IC.</p>
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>Compliant</p>	<p>The company's Corporate Secretary is not a member of the BOD.</p>	

		Reference is made to the following document: 1. Annex G	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The company's Corporate Secretary attended the required Corporate Governance Orientation Program held on 09 May 2019. The eight-hour orientation program was conducted by the Institute of Corporate Directors.</p> <p>The company's Corporate Secretary likewise attended the Virtual Meeting on Corporate Governance Matters conducted by the IC on 14 April 2023.</p> <p>Reference is made to the following document: 1. Annex D 2. Screenshot of IC Virtual Meeting on Corporate Governance Matters [Annex "K"]</p>	<p>*For annual trainings, if required, reference is made to Annex H, where the company's Compliance Officer sought confirmation/opinion of the IC on the matter of further training/orientation course of incumbent directors.</p> <p>Action Plan: Attend annual trainings, as may be warranted and/or directed by the IC.</p>
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The BOD is assisted by a qualified Compliance Officer.</p> <p>Reference is made to the following documents: 1. Letter/submission to the IC dated 08 January 2019 re '<i>Designation of New Compliance Officer</i>' (with attached Secretary's Certificate) [Annex "L"] 2. Annex F (re Duties and Functions)</p>	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	The Compliance Officer is a high-ranking officer of the company, with the position of Vice President and Head of the Legal Department. Accordingly, the Compliance Officer possesses adequate stature and authority in the company.	

3. Compliance Officer is not a member of the Board.	Compliant	The company's Compliance Officer is not a member of the BOD. Reference is made to the following document: 1. Annex G	
4. Compliance Officer attends training/s on corporate governance annually.	Compliant	The company's Compliance Officer attended the required Corporate Governance Orientation Program held on 09 May 2019. The eight-hour orientation program was conducted by the Institute of Corporate Directors. Reference is made to the following document: 1. Annex D	*For annual trainings, if required, reference is made to Annexes E and I, where the company's Compliance Officer sought confirmation/opinion of the IC on the matter of further training/orientation course of incumbent directors. Further, trainings suspended on account of the public health crisis. Action Plan: Attend annual trainings, as may be warranted and/or directed by the IC.
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			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	The BOD at all times acts in good faith, with due diligence and care, and in the best interests of the company and all stakeholders. All resolutions of the BOD are arrived at on a fully informed basis through transparent and comprehensive discussions of matters brought before the body, at the BOD's regular and special board meetings. Reference is made to the following documents: 1. By way of example, Minutes of the BOD meeting held on 17 January 2023 and Secretary's Certificate dated 14 February 2023, where the BOD approved the company's compliance with the Security Deposit Requirements of the IC. Said compliance was	

		undertaken by the BOD for the protection of the company's HMO members [Annex "M"] 2. Annex F (Responsibilities of the BOD)	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	All business objectives and strategies of the company are reviewed and approved by the BOD. Among other important matters subject to the review and approval of the BOD, all necessary compliance, capital expenditures, acquisitions and divestures of the company are overseen by the BOD.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant	<p>The BOD meets regularly for the purpose of, among others, reviewing the company's Monthly Progress and Performance Review prepared and submitted by the group. The BOD provides clear business strategies and direction to the group in the said regular meetings. In addition, the company, with the active participation of the BOD, conducts an annual review and strategic planning called the OPLAN.</p> <p>By way of example, the BOD held special meetings on 07 February 2023, 07 March 2023, 06 June 2023, and 05 December 2023, to discuss and approve the company's compliance with the requirements of the IC on IFRS 17 Adoption, Data Privacy Act of 2012, Anti Money Laundering Council, and Bureau of Internal Revenue on Registration of Books, respectively.</p> <p>Reference is made to the following documents:</p> <ol style="list-style-type: none"> 1. Minutes of the BOD meeting held on 07 February 2023 [Annex "N"] 2. Minutes of the BOD meeting held on 07 March 2023 [Annex "O"] 	

		<p>3. Minutes of the BOD meeting held on 06 June 2023 [Annex “P”]</p> <p>4. Minutes of the BOD meeting held on 05 December 2023 [Annex “Q”]</p> <p>5. Annex F (re Responsibilities of the BOD)</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Chairman of the BOD possesses all the qualifications and none of the disqualifications prescribed in IC CL No. 2016-51, and subsequent relevant issuances of the IC. The incumbent Chairman’s educational and work background, taking into consideration his years of experience in the company and in the HMO industry, render him qualified for the position of Chairman of the BOD.</p> <p>Reference is made to the following documents:</p> <p>1. Annexes A, C Series</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The company has an existing policy/procedure on management succession for ranking officers, while the company’s By-Laws and Corporate Governance Policy provide the guiding rules for BOD succession.</p> <p>Reference is made to the following documents:</p> <p>1. Procedure Flow No. Prl/Perl – 008 re ‘<i>Management Succession – Identification & Training</i>’ [Annex “R”]</p> <p>2. Amended By-Laws of the company [Annex “S”]</p> <p>4. Annex F</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant/ Substantially Compliant		The company has no existing policy on the retirement of directors and key officers. Instead, the company adopts and observes the legal policy and guidelines on the matter of retirement as prescribed under Presidential Decree No. 442,

			<p>otherwise known as the <i>‘Labor Code of the Philippines’</i>, and Republic Act No. 7641 entitled: <i>‘An Act Amending Article 287 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, by Providing for Retirement Pay to Qualified Private Sector Employees in the Absence of any Retirement Plan in the Establishment’</i>.</p> <p>The absence of a retirement policy, supplanted by the company’s compliance with the aforementioned laws, does not compromise the company’s objective of engaging competent, professional, honest and highly motivated individuals.</p> <p>Action Plan: Adopt and implement a Retirement Policy, as may be warranted and/or directed by the IC.</p>
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant	<p>The company follows an established Rank Chart and Salary Level Table, which provide the hierarchy of positions in the company with the corresponding prescribed salary and benefits package. The company’s Salary Level Table covers all positions, from the lowest to the highest rank, with a total of 21 levels.</p> <p>Any adjustment in the remunerations of the company’s employees and officers is based on established performance indicators. The company’s Performance Evaluation Program provides for a sound basis for merit increase and promotion, among others.</p> <p>This is supplemented by the company’s Merit Increase Policy, which rewards deserving officers and employees in recognition of outstanding,</p>	
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		

		<p>meritorious and exemplary performance. The policy aims to recognize and reward consistent outstanding performance of deserving officers and members, promote loyalty, and maintain a high level of morale among the workforce.</p> <p>Whereas, the compensation and other benefits of the members of the BOD are provided in the company's By-Laws, as approved by the stockholders. The determination of the BOD's compensation is subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. This is reproduced in the company's Corporate Governance Policy.</p> <p>Reference is made to the following documents: 1. Performance Evaluation Program [Annex "T"] 2. Merit Increase Policy No. Prl/Perl - 025 [Annex "U"] 3. Annexes F, S</p>	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The company's Corporate Governance Policy and By-Laws provide for a formal and transparent policy and procedure for nomination and election of BOD members.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Members of the BOD shall be elected by the stockholders of the company based on the following minimum guidelines: (i) Qualifications and Disqualifications prescribed by the IC and other competent authorities; (ii) Minimum requirements and qualifications prescribed under existing policies/procedures of the company; (iii) As far as practicable, and proportionate to the company's nature and scale of operations, appointments to the	
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant		

		<p>BOD shall be made on the basis of merits and against subjective criteria; and (iv) The selection and appointment process shall be formal and transparent, held at a special or regular meeting of the stockholders called for such purpose.</p> <p>There is no prohibition or limitation on the right of minority shareholders to nominate candidates to the BOD.</p> <p>Reference is made to the following documents: 1. Annexes F, S, T</p>	
<p>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.</p>	<p>Non-Compliant</p>		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>The company's Corporate Governance Policy on the matter of BOD nomination and election does not include an assessment of the effectiveness of the nomination, election or replacement process.</p> <p>The absence of this specific process notwithstanding, the company's existing process for the selection and appointment of directors, among other processes of the company, is subject to the review of the company's stockholders in their annual meeting.</p> <p>Action Plan: Include a process for assessment in the Corporate Governance Policy, as may be warranted and/or directed by the IC.</p>
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>Compliant</p>	<p>Refer to the answers provided to Recommendation 2.6 (1-4).</p>	

Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The company has an existing policy on Related Party Transactions, which aims to ensure that its transactions with any related party, as may be applicable, shall at all times be undertaken on an arm's length basis for the financial, commercial and economic benefit of the company and, more importantly, for the protection of the company's HMO members and other stakeholders. The policy includes a process for the mandatory approval of material RPTs by the stockholders.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	The company has not encountered any material related party transaction given the nature and limited nature of its operations. Reference is made to the following document: 1. Policy No. MHI-004 re ' <i>Related Party Transactions</i> ' [Annex "V"]	
Recommendation 2.8			
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	Pursuant to the company's Corporate Governance Policy and By-Laws, the BOD is responsible for the selection and appointment of the company's management and key officers. The BOD is guided by established written policies in place to ensure that only applicants of good moral character and without criminal record are considered for employment. Aside from the submission of documentary requirements, the hiring of key officers and employees involves a three-stage process. The first stage involves the interview and preliminary assessment by the Human Resource Department. This is followed by the screening conducted by department head concerned. The final stage is the	
2. Board is primarily responsible for assessing the performance 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		

		<p>screening conducted by the company's Confirmation Committee, which is composed of BOD members and high-ranking officers of the company.</p> <p>Performance assessment of the company's management and key officers is likewise provided in the Corporate Governance Policy. The policy provides for an annual assessment, as may be necessary.</p> <p>The company's management team for the year 2023 is composed of the following officers:</p> <ol style="list-style-type: none"> 1. Elmer Z. Acance – President 2. Josephine Gutierrez – Accounting Head 3. Sofia Prieto – Operations Manager 4. Jogie Dangayao – Audit Head 5. Atty. Carlo C. Solis – Compliance Officer <p>Reference is made to the following documents:</p> <ol style="list-style-type: none"> 1. Annexes B, C, D, H 	
Recommendation 2.9			
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.	Compliant	Performance assessment of the company's executive and key officers is provided in the Corporate Governance Policy. The assessment is transparent and based on standards and parameters set by the BOD, the company's policies and procedures, and as prescribed by the IC.	
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.	Compliant	The BOD is likewise guided by the company's Performance Evaluation Program, which provides for a sound basis for merit increase, promotion, among others. The program likewise serves a guide in the assessment of the officers' need for training, retraining or inclusion in the management development programs.	

		<p>This is supplemented by the company's Merit Increase Policy, which rewards deserving officers and employees in recognition of outstanding, meritorious and exemplary performance. The policy aims to recognize and reward consistent outstanding performance of deserving officers and members, promote loyalty, and maintain a high level of morale among the workforce.</p> <p>Reference is made to the following documents: 1. Annexes F, T, U</p>	
<p>Recommendation 2.10</p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</p>	<p>The company has two departments in charge of the audit functions, to wit: the Internal Audit Department (InAd) and the Financial Audit Department (FnAd).</p> <p>The Internal Audit Department is responsible for (i) installing, implementing and monitoring programs, strategies, policies, procedures and control measures designed to closely safeguard the company's assets; and (ii) constantly develop and recommend programs, strategies, policies, procedures, processes, tools and equipment that will produce effective, technologically up-to-date and cost-efficient operations.</p> <p>The Internal Audit Department is tasked with the general management of the company's internal control programs and activities.</p> <p>Pursuant to the company's Corporate Governance Policy, the BOD exercises oversight functions over the internal control systems and processes of the</p>	

		<p>company. The Internal Audit Department is given a direct line to the BOD for such purpose.</p> <p>Similarly, and by way of example, the BOD approved the company's Money Laundering and Terrorist Financing Prevention Program, which explicitly grants the Internal Audit Department a direct line to the BOD.</p> <p>Reference is made to the following documents: 1. Roles, Responsibilities and Functions of the Internal Audit Department (InAd) [Annex "W"] 2. Annex F</p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>On the matter of potential conflict of interest, the company is guided by the relevant provisions in the Corporate Governance Policy, Policy on Related Party Transactions, and Code of Discipline.</p> <p>Reference is made to the following documents: 2. Annexes E F, V, CC</p>	<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>Exposure to conflict of interest issues is minimal to none given the actual nature, size and scale of operations of the company.</p>
3. Board approves the Internal Audit Charter.	Compliant	<p>The written authority, roles, responsibilities and functions of the Internal Audit Department all bear the imprimatur of the BOD, as formalized by the company's management.</p> <p>Reference is made to the following document: 1. Annex W</p>	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify,	Non-Compliant		The corporate governance standards of the company and its compliance with the recommended standards set by the IC

monitor, assess and manage key business risks.			are only proportionate to the company's nature, size and scale of operations.
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Non-Compliant		<p>The requirement of having a formal Enterprise Risk Management Framework may not be totally necessary given the actual nature, size, scale of operations, and risk profile of the company. This matter is sufficiently addressed by the company's policies, procedures and established operating protocols.</p> <p>This notwithstanding, key business risk identification and management is included in the Monthly Progress and Performance Review sessions regularly conducted by the company's management team and in the annual strategic planning (OPLAN) with the BOD.</p> <p>Moreover, the BOD's oversight responsibility over the company's risk management systems and processes is prescribed in the Corporate Governance Policy (Annex F).</p> <p>Action Plan: Formulate and implement a formal Enterprise Risk Management Framework, as may be warranted and/or directed by the IC.</p>
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	The company's Corporate Governance Policy and By-Laws serve as the official charter for the BOD. They serve as the main guides for the BOD's roles, functions, responsibilities and accountabilities in carrying their fiduciary duties.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Reference is made to the following documents: 1. Annexes F, S	
3. Board Charter is publicly available and posted on the company's website.	Compliant	Pursuant to IC CL 2020-72, the company's Annual Corporate Governance Report for the year 2022,	

		including all supporting documents, was duly filed with the IC and uploaded on the company's website on 30 May 2023 and 04 June 2023, respectively.	
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 performance of its roles and responsibilities.	Substantially Compliant		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>The requirement of having separate committees, as recommended by the IC, may not be totally necessary given the actual nature, size and scale of operations of the company.</p> <p>This notwithstanding, the company has departments and officers assigned to handle the specific concerns of the recommended committees. These departments and officers assist the BOD in the effective performance of its functions.</p> <p>Action Plan: Establish the necessary committees, as may be warranted and/or directed by the IC.</p>
Recommendation 3.2			
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.	Compliant	<p>The company has two departments in charge of the audit functions, to wit: the Internal Audit Department and the Financial Audit Department. The InAd and FnAd departments have clearly defined roles, responsibilities and functions, and are headed by competent and qualified officers.</p> <p>The Financial Audit Department is responsible for: (i) installing, implementing and monitoring</p>	

		<p>programs, strategies, policies, procedures and control measures designed to closely safeguard the company's financial assets; and (ii) constantly developing and recommending programs, strategies, policies, procedures, processes, tools and equipment that will produce effective, technologically up-to-date and cost-efficient operations.</p> <p>For the year 2023, the two departments were headed by Ms. Jogie Dangayo.</p> <p>The two departments work in close coordination with the company's Accounting Head for all financial reporting matters, among others. The Accounting Head is responsible for recommending the appointment and removal of the company's external auditor.</p> <p>Reference is made to the following documents: 1. Roles, Responsibilities and Functions of the Financial Audit Department (FnAd) [Annex "X"] 2. Annex Y</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	The heads and members of the Internal Audit Department and Financial Audit Department are not directors, executive or non-executive, of the company.	Supplemented by the answers provided in recommendation 3.1 (1) and 3.2 (1)
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>The heads of the Accounting Department and Internal/Financial Audit Department possess the necessary background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.</p> <p>Reference is made to the following documents:</p>	

		1. Biographical Data/Curriculum Vitae of the Audit Head [Annex “Y”] 2. Biographical Data/Curriculum Vitae of the Accounting Head [Annex “Z”]	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	The BOD Chairman is not the head of the Internal Audit Department and Financial Audit Department. The heads of the Internal Audit Department and Financial Audit Department do not chair any other committee prescribed by the IC.	
Recommendation 3.3			
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.	Non-Compliant/ Not Applicable		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company’s nature, size and scale of operations.</p> <p>The requirement of having a separate Corporate Governance Committee, as recommended by the IC, may not be totally necessary given the actual nature, size and scale of operations of the company.</p> <p>This notwithstanding, the corporate governance responsibilities of the company are attended to by the company’s BOD, executive officers and the Compliance Officer. Compliance with and proper observance of corporate governance principles and practices of the company, including the proper implementation of the Corporate Governance Policy, is a collective responsibility of the entire group, from the BOD, management team, Compliance Office, and the Internal and Financial Audit Departments.</p> <p>Action Plan: Establish the Corporate Governance Committee, as may be warranted and/or directed by the IC.</p>
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Non-Compliant/ Not Applicable		
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant/ Not Applicable		

Recommendation 3.4			
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.	Non-Compliant/ Not Applicable		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>The requirement of having a separate Board Risk Oversight Committee, as recommended by the IC, may not be totally necessary given the actual nature, size and risk profile and the simplicity of operations of the company. Further, the company is not a conglomerate and does not have a high risk profile.</p> <p>This notwithstanding, the risk management responsibilities of the company, if at all applicable, is a collective responsibility of all the entire group, from the BOD, management team, Compliance Office, and the Internal and Financial Audit Departments.</p> <p>Action Plan: Establish the Board Risk Oversight Committee, as may be warranted and/or directed by the IC.</p>
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant/ Not Applicable		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant/ Not Applicable		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant/ Not Applicable		
Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant/ Not Applicable		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>The requirement of having a separate Related Party Transactions Committee, as recommended by the IC, may not be totally necessary given the actual nature, size and scale of operations of the company. Further, the company is not a conglomerate and is not in the banking/finance industry.</p>
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Non-Compliant/ Not Applicable		

			<p>This notwithstanding, the company has a Related Party Transactions Policy to address possible exposure to RPTs. The RPT responsibilities of the company, if at all applicable, is a collective responsibility of all the entire group, from the BOD, management team, Compliance Office, and the Internal and Financial Audit Departments.</p> <p>Action Plan: Establish the Related Party Transactions Committee, as may be warranted and/or directed by the IC.</p>
Recommendation 3.6			
1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-Compliant/ Not Applicable		Refer to the answers provided to Recommendations 3.1 to 3.5.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant/ Not Applicable		
3. Committee Charters were fully disclosed on the company's website.	Non-Compliant/ Not Applicable		
Principle 4: 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.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	BOD members attend and actively participate in all regular and special meetings of the BOD and Stockholders. All BOD and stockholders' meetings are scheduled and arranged in a manner granting all members sufficient opportunity to participate actively.	

		<p>In light of the pandemic, the company implemented alternative arrangements for its meetings, which includes virtual meetings.</p> <p>Reference is made to the following documents (Minutes of Stockholders/Board Meetings):</p> <ol style="list-style-type: none"> 1. Annexes L, M, N, O, P, Q 2. Policy on Virtual Meetings [Annex “AA”] 	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The company’s Corporate Secretary furnishes the BOD all the necessary materials for the scheduled regular and special meetings. Documents are sent personally or via e-mail as requested by the BOD members.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>The members of the BOD actively participate in the meetings and require explanations in order to arrive at sound and fully informed decisions.</p> <p>One example is the Board Resolution on the company’s compliance with IC CL No. 2019-74 on the new and increased Security Deposit Requirement. The company’s Compliance Officer was required by the BOD to explain the subject circular before resolution of the same.</p> <p>Reference is made to the following document:</p> <ol style="list-style-type: none"> 1. Annex L 	
Recommendation 4.2			
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	Compliant	The company’s non-executive directors for the year 2023 did not concurrently serve as directors to other ICREs or publicly-listed companies during their tenure with the company.	

meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.		Save for restrictions set by the IC, the company has no policy setting the limit of board seats that a non-executive director can hold simultaneously. Reference is made to the following documents: 1. Annexes F, H	
Recommendation 4.3			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant/ Not Applicable	If at all applicable, the company shall require written notice from the director.	
Principle 5: The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors.	Compliant	Two (2) out of the five (5) directors of the company are independent directors. Reference is made to the following documents: 1. Annexes B, G, H	
Recommendation 5.2			
1. The independent directors possess all necessary qualifications and none of the disqualifications to hold the position.	Compliant	All Directors of the company possess all the qualification requirements and none of the disqualifications prescribed under IC CL No. 2016-51. Reference is made to the following documents: 1. Annexes A, C	
Recommendation 5.3			
1. The independent directors serve for a maximum cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while	Compliant	The company's Independent Directors are well within the limits set by the IC. Reckoning date for HMOs is 21 September 2016 and the company's initial compliance was made on 17 January 2017.	

<p>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>Reference is made to the following document: 1. Annex 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>The maximum term limit for independent directors is explicitly provided in the company's Corporate Governance Policy. While the said policy was created in compliance with IC CL No. 2016-51, it contains an automatic amendment provision to cover any subsequent issuances of the IC. Accordingly, the new term limit provided in IC CL No. 2020-71 is deemed incorporated in the policy.</p> <p>Reference is made to the following document: 1. Annex F</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 and seek shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant/ Not Applicable</p>	<p>Not applicable as explained in the answer to recommendation 5.3 (1).</p> <p>For compliance in the future, if necessary.</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate Individuals.</p>	<p>Compliant</p>	<p>The positions of Chairman of the BOD and President are held by separate individuals/officers. For the year 2023, Mr. Virgil B. Prieto served as Chairman of the BOD, while Mr. Elmer Z. Acance served as the company's President.</p>	

		Reference is made to the following documents: 1. Annexes B, C, F	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The powers, functions, duties and responsibilities of the BOD Chairman and President are clearly defined and outlined in the company's By-laws and Corporate Governance Policy. Reference is made to the following documents: 1. Annexes F, S	
Recommendation 5.5			
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.	Compliant/ Not Applicable	The Chairman of the BOD is a non-executive director and is a separate individual from the President of the company. Given the nature and scale of operations of the company, appointing a lead independent director is not necessary.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant/ Not Applicable	No particular case or exposure.	
Recommendation 5.7			
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.	Non-Compliant/ Not Applicable		The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.
2. The meetings are chaired by the lead independent director.			The requirement of having separate periodic meetings between the independent directors and the external auditor and head of internal audit may not be totally necessary

	Non-Compliant/ Not Applicable		<p>given the actual nature, size and risk profile and the simplicity of operations of the company.</p> <p>Action Plan: Comply with the recommended separate periodic meeting, as may be warranted and/or directed by the IC.</p>
<p>Principle 6: 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.</p>			
<p>Recommendation 6.1</p>			
1. The Board conducts an annual assessment of its performance as a whole.	Non-Compliant/ Substantially Compliant		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p>
2. The performance of the Chairman is assessed annually by the Board.	Non-Compliant/ Substantially Compliant		<p>The requirement of conducting an annual assessment, by the BOD and an external facilitator, may not be totally necessary given the actual nature, size and scale of operations of the company.</p>
3. The performance of the individual members of the Board is assessed annually by the Board.	Non-Compliant/ Substantially Compliant		<p>This notwithstanding, the company's Corporate Governance Policy provides for the BOD's performance evaluation as may be deemed necessary by the stockholders. The selection and appointment of BOD members by the stockholders of the company is essentially an assessment of the performance of the directors.</p>
4. The performance of each committee is assessed annually by the Board.	Non-Compliant		<p>Further, the performance and active involvement of the BOD and its directors for the year 2023 have been appropriate and adequate, thus not necessitating the conduct of an urgent assessment.</p>
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		<p>Action Plan: Conduct performance assessments, as may be warranted and/or directed by the IC.</p>
<p>Recommendation 6.2</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.	Compliant	The company's Corporate Governance Policy provides for the performance review of the BOD, directors and committees. The policy sets forth the process, frequency, criteria, and possible effects of the performance review.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Reference is made to the following document: 1. Annex F	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
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.	Compliant	The company has no exact Code of Business Conduct. However, all members of the company, from the BOD down to the office staff, are properly guided by the company's Corporate Governance Policy, Corporate Culture, and Code of Discipline, among other existing policies and procedures pertinent on the matter. These documents lay down the standards for professional, proper and ethical conduct, and the prescribed penalties for disregard thereof and commission of other infractions.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Said documents are included in the orientation of all new members and in the regular office staff briefing activity of the company. They are likewise available on the company's online document portal, which may be accessed by all members of the company. The above-mentioned written policies constitute substantial compliance with the recommendation of the IC, taking into account the actual nature, size and scale of operations of the company. Reference is made to the following documents: 1. Annex F 2. Corporate Culture [Annex "BB"]	

		3. Code of Discipline [Annex “CC”]	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Pursuant to IC CL 2020-72, the company’s Annual Corporate Governance Report for the year 2022, including all supporting documents, was duly filed with the IC and uploaded on the company’s website on 30 May 2023 and 04 June 2023, respectively.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The company’s Corporate Culture and Code of Discipline applies to all members of the company. Compliance with and implementation of the same is included in the internal audit functions of the Audit Department.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	In addition, the company has a Whistleblower Policy which is designed to enable members of the company to raise serious and sensitive concerns that could have an adverse impact on the operations and performance of the business without fear of retribution. This policy further fortifies the compliance of all members with the prescribed professional, proper and ethical conduct. Reference is made to the following document: 1. Whistleblower Policy [Annex “DD”]	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
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	Compliant	The company’s Corporate Governance Policy mandates the BOD, thru the Chairman, to provide comprehensive, accurate, reliable and timely reports to the stockholders, regulating offices/agencies, and other stakeholders. This requirement ensures that the BOD shall at all times present a fair and complete	

<p>condition, results and business operations.</p>		<p>picture of the company’s financial condition, results and business operations.</p> <p>By way of example, the most recent special Stockholders’ meeting was held on 04 December 2023, which was called for the purpose of approving the Presidents’ and Treasurer’s Reports, Ratification of corporate acts, and electing the company’s directors for the year 2024. This was attended by all stockholders of the company [Annex “EE”].</p> <p>Similarly, the regular submissions of the company with the IC, such as the Interim Financial Statements and Annual Financial Statement with supporting documents and reports, are all included for discussion and review in the regular and special meetings of the stockholders.</p> <p>Reference is made to the following document: 1. Minutes of the BOD meeting held on 09 September 2021 [Annex “FF”] 2. Annex F</p>	
<p>Recommendation 8.3</p>			
<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 that might affect their judgment.</p>	<p>Compliant</p>	<p>All relevant and material information on individual BOD members and corporate officers are disclosed and available to the stockholders, the IC, and the company’s members.</p> <p>Reference is made to the following documents: 1. Annexes A, B, C, D, E, G, H, I, Y, Z</p>	
<p>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.</p>	<p>Compliant</p>	<p>Pursuant to IC CL 2020-72, the company’s Annual Corporate Governance Report for the year 2022, including all supporting documents, was duly filed</p>	

		with the IC and uploaded on the company's website on 30 May 2023 and 04 June 2023, respectively.	
Recommendation 8.4			
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	Guidelines and rules on remuneration of the BOD and executive officers are provided in the company's By-Laws and Corporate Governance Policy, complemented by the company's Rank Chart and Salary Level Table, and relevant policies and programs. Reference is made to the following documents: 1. Annexes F, S, T, U	
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 Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	The remuneration of the company's President and BOD members, including other key officers, are only commensurate to the nature, size and scale of operations of the company. All remunerations are fixed based on established guidelines and in consideration of other pertinent factors. The company's President is given a fixed monthly salary based on established standards. Whereas, the Independent Directors receive a fixed basic monthly allowance, on top of other variable allowances and benefits. Exact details are available as may be required by the IC.	
Recommendation 8.5			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The company has an existing policy on Related Party Transactions.	
2. Company discloses material or significant RPTs in its Annual Company Report or 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.	Compliant	The company has not encountered any material related party transaction given the nature, size and limited nature of its operations. Reference is made to the following document: 1. Annex V	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The company has an established Corporate Governance Policy. The comprehensive policy includes the prescribed corporate governance policies, programs and procedures, all in compliance with the requirements of the IC. Reference is made to the following document: 1. Annex F	
2. Company's MCG is posted on its company website.	Compliant	Pursuant to IC CL 2020-72, the company's Annual Corporate Governance Report for the year 2022, including all supporting documents, was duly filed with the IC and uploaded on the company's website on 30 May 2023 and 04 June 2023, respectively.	
Principle 9: 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.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Head of the Accounting Department of the company is responsible for recommending the appointment and removal of the company's external auditor. This is subject to the review and approval of	

<p>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.</p>	<p>Compliant</p>	<p>the President and the BOD. This is likewise included in the oversight functions of the BOD under the company's Corporate Governance Policy.</p> <p>The review and approval process, the appointment, reappointment, removal and fees of the external auditor, and the terms and conditions of the engagement, are appropriate and commensurate to the nature and scale of operations of the company. The company's Head of the Accounting Department possesses the necessary qualification, experience and stature in the company to undertake the activities and meet the safeguards prescribed by the IC.</p> <p>Among other particular requirements of the company, the process of selection and appointment of external auditors is at all times complaint with the requirements and guidelines prescribed by the IC under IC CL No. 2019-39, 2020-61, and other relevant issuances.</p> <p>Reference is made to the following document: 1. Annex F</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Non-Compliant</p>		<p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>The requirement of public disclosure of removal of external auditor, may not be totally necessary given the actual nature, size and scale of operations of the company. Further, to the extent of the BOD's knowledge, there is no particular requirement issued by the IC for HMOs.</p>

			<p>This notwithstanding, external auditors are obligated to make such reporting to the IC pursuant to IC CL No. 2019-39.</p> <p>Action Plan: Comply with the public disclosure, as may be warranted and/or directed by the IC.</p>
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	<p>Refer to the answer provided to Recommendation 9.1 (1-2).</p> <p>The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations.</p> <p>The particular recommendations in 9.2 may not be totally necessary given the actual nature, size and scale of operations of the company, and in consideration of the existing processes and procedures of the company on the matter.</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		
Recommendation 9.3			
<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>	Compliant/ Not Applicable	<p>The company's external auditor did not provide non-audit services for the year 2023. The company does not require non-audit services from its external auditors. Accordingly, there is no need for any policy or rule on the matter.</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-</p>	Compliant		

audit services, which could be viewed as impairing the external auditor's objectivity.			
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
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.	Non-Compliant/ Not Applicable		The corporate governance standards of the company and its compliance with the recommended standards set by the IC are only proportionate to the company's nature, size and scale of operations. The requirement of having a policy on the disclosure of non-financial information with emphasis on EESG, may not be totally necessary given the actual nature, size and scale of operations of the company. This notwithstanding, all such issues are covered by the regular and transparent reporting and meetings involving the company's management, BOD and stockholders. Moreover, the company faithfully and accurately complies with all reportorial submissions of the IC and other competent authorities. Action Plan: Comply with the policy, as may be warranted and/or directed by the IC.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant/ Not Applicable		
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	The company maintains the website: www.metrocarehealth.com	
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			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>The company has an Internal Audit Department responsible for the following functions: (i) installing, implementing and monitoring programs, strategies, policies, procedures and control measures designed to closely safeguard the company's assets; and (ii) constantly develop and recommend programs, strategies, policies, procedures, processes, tools and equipment that will produce effective, technologically up-to-date and cost-efficient operations. This includes quality service programs of the department.</p> <p>The Internal Audit Department is tasked with the general management of the company's internal control programs and activities.</p> <p>The Internal Audit Department is responsible for monitoring and checking the performance of all concerned members with the requirements and undertakings provided in the programs, policies and procedures of the company, through its regular and spot audit and inspection.</p> <p>Reference is made to the following document: 1. Annex W</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-Compliant	Refer to the answer provided to Recommendations 2.11 and 3.4.	
Recommendation 12.2			
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.	Compliant	Refer to the answer provided to Recommendation 12.1 (1).	

		<p>The requirement of having an outsourced internal audit is not necessary given the actual nature, size and scale of operations of the company.</p> <p>This notwithstanding, the internal and financial audit processes of the company are adequate to meet the objectives of the recommendation.</p> <p>Action Plan: Establish a separate and independent internal audit function, as may be warranted and/or directed by the IC.</p>	
Recommendation 12.3			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Refer to the answers provided to Recommendations 2.10 (1) and 3.2 (1).	
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.	Compliant	<p>The company's compliance on this matter is commensurate to its size, risk profile and scale of operations. The functions of the supposed Chief Audit Executive are performed by the company's Audit and Accounting Departments.</p> <p>Reference is made to the following documents: 1. Annexes W, X, Y</p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not Applicable	The company did not outsource its internal audit activity, or any portion thereof, for the year 2023.	
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Refer to the answers provided to Recommendations 2.11 and 3.4.	

		The company's compliance on this matter is commensurate to its size, risk profile and scale of operations.	
Recommendation 12.5			
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).	Non-Compliant/ Not Applicable		Refer to the answers provided to Recommendations 2.11 and 3.4 (1-4).
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant/ Not Applicable		<p>The company's compliance on this matter is commensurate to its size, risk profile and scale of operations. The requirement of having a Chief Risk Officer, as recommended by the IC, may not be totally necessary given the actual nature, size, risk profile and the simplicity of operations of the company. Further, the company is not a conglomerate and does not have a high risk profile.</p> <p>This notwithstanding, the risk management responsibilities of the company, if at all applicable, is a collective responsibility of all the entire group, from the BOD, management team, Compliance Office, and the Internal and Financial Audit Departments.</p> <p>Action Plan: Appoint a Chief Risk Officer, as may be warranted and/or directed by the IC.</p>
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>Basic rights of the company's stockholders are provided in the Corporate Governance Policy. Stockholders are provided copies of the said policy as reference and guide.</p> <p>Reference is made to the following document: 1. Annex F</p>	

2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Pursuant to IC CL 2020-72, the company's Annual Corporate Governance Report for the year 2022, including all supporting documents, was duly filed with the IC and uploaded on the company's website on 30 May 2023 and 04 June 2023, respectively.	
Recommendation 13.2			
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>The most recent special stockholders' meeting was held on 04 December 2023, which was called for the purpose of approving the Presidents' and Treasurer's Reports, Ratification of corporate acts, and electing the company's directors for the year 2024. This was attended by all stockholders of the company.</p> <p>Pursuant to the company's By-laws, notices were sent to the stockholders two weeks before scheduled date. This schedule is only appropriate given the actual nature and size of the company.</p> <p>Reference is made to the following document:</p> <ol style="list-style-type: none"> 1. Annex B 2. Annex EE 	
Recommendation 13.3			
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.	Compliant	<p>Refer to the answer provided to Recommendation 13.2 (1).</p> <p>The result of the voting during the most recent stockholders' meeting was disclosed to all present stockholders on the same day and in that very same meeting. Given the nature and size of the company, results of votes are immediately available to all stockholders.</p>	
2. Minutes of the Annual and Special Shareholders' Meetings are available on		Pursuant to IC CL 2020-72, the company's Annual Corporate Governance Report for the year 2022,	The corporate governance standards of the company and its compliance with the recommended standards set by the IC

the company website within five business days from the end of the meeting.	Substantially Compliant	including all supporting documents, was duly filed with the IC and uploaded on the company's website on 30 May 2023 and 04 June 2023, respectively.	<p>are only proportionate to the company's nature, size and scale of operations.</p> <p>The requirement of posting the minutes of stockholders' meetings on the company's website may not be totally necessary given the actual nature, size and scale of operations of the company. Further, to the extent of the BOD's knowledge, there is no particular requirement issued by the IC for HMOs.</p> <p>Action Plan: Comply with the policy, as may be warranted and/or directed by the IC.</p>
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	The company's Corporate Governance Policy adopts the dispute resolution mechanisms provided under Republic Act (R.A.) No. 9285, or the Alternative Dispute Resolution Act of 2004, for any possible intra-corporate dispute. Reference is made to the following document: 1. Annex F	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant		
Duties to Stakeholders			
Principle 14: The rights of 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.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The company has identified all stakeholders that play a significant role in the success and sustainability of the business. The company has in place programs and policies for the protection of its stakeholders.</p> <p>Reference is made to the following documents: 1. Annexes F, L, O, V, BB, CC, DD 2. Corporate Social Responsibility Programs</p>	

Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Refer to the answer provided to Recommendation 14.1 (1).	
Recommendation 14.3			
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.	Compliant	Refer to the answer provided to Recommendation 14.1 (1). The company's Corporate Secretary/Compliance Officer serves as the main contact person for concerns and/or complaints of stakeholders, with details as follows: ATTY. CARLO ROBERTO C. SOLIS Email: carlosolis.forza@gmail.com	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate its corporate governance processes.			
Recommendation 15.1			
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	The company's Vision and Mission Statement is an acknowledgment of the crucial and indispensable role of the employees in the success of the business. This is being recited by all members of the company in its monthly staff briefing activity. This exercise aims to, among others, encourage employees to actively participate in the realization of the company's goals and in its governance. In addition, the company has an Efficiency and Expansion Incentive Bonus Program (EEIB) which is designed to reward members/office staff for the efficient performance of their respective departments/offices as well as their contribution to the business volume growth of the company. This likewise aims to motivate all members of the	

		<p>company to achieve the established efficiency and expansion targets and qualify for the bonus.</p> <p>In line with the thrust of achieving active employee participation in the corporate governance processes and goals of the company, select employees/officers were granted the opportunity to enroll in the same Corporate Governance Orientation Program attended by the members of the BOD.</p> <p>Reference is made to the following documents: 1. Vision and Mission Statement [Annex “GG”] 2. Efficiency and Expansion Incentive Bonus Program [Annex “HH”] 3. Certificate of Participation in the Corporate Governance Orientation Program of the Institute of Corporate Directors issued to the company’s Operations Manager [Annex “II”] 4. Annexes T, U</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anticorruption policy and program in its Code of Conduct.	Compliant	<p>The company has an existing Anti-Bribery and Corruption Policy.</p> <p>This policy, like all other policies, programs and procedures, are posted in the company’s online document portal. All policies, programs and procedures are likewise included in the refresher seminars and trainings of the company.</p> <p>Reference is made to the following document: 1. Anti-Bribery and Corruption Policy [Annex “JJ”]</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees	Compliant	The company has a Whistleblower Policy which is designed to enable members of the company to raise	

to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.		serious and sensitive concerns that could have an adverse impact on the operations and performance of the business without fear of retribution.	
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	Pursuant to the policy, complaints, anonymous or otherwise, are given to the company's Audit Head. It will then be reviewed by a committee, then submitted to the President for final review and approval. The essential role and participation of the President constitutes as the BOD's participation in the process.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Reference is made to the following document: 1. Annex DD	
Principle 16: 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.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business 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.	Compliant	<p>The company actively participates in social and environmental activities as part of its corporate social responsibility program.</p> <p>On 15 April 2024, the company joined a Medical Mission held at Barangay Nagsinamo, Municipality of Lucban, Province of Quezon [Annex "KK"].</p> <p>While the company engaged in minimal social activities in the year 2023 due to the ongoing pandemic, the company actively participated in the following activities for the previous years:</p> <ul style="list-style-type: none"> • International Coastal Cleanup held on 21 September 2019 – the company provided resources and volunteers for the coastal cleanup held on 21 September 2019 at the Manila Bay. • Special Project for Cross Eyed Children – the company shouldered the medical expenses of four 	

		<p>(4) indigent children who were diagnosed with Partial Accommodative/Residual Esotropia and underwent Bilateral Lateral Rectus Recession.</p> <p>References is made to the following documents:</p> <ol style="list-style-type: none">1. Photos of the International Coastal Cleanup held on 21 September 2019 [Annex "LL"]2. Sample Letter of Undertaking for the Special Project for Cross Eyed Children [Annex "MM"]	
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