



The HMO Subsidiary of Insular Life Assurance Company, Ltd.

MANUAL ON CORPORATE GOVERNANCE

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The HMO Subsidiary of Insular Life Assurance Company, Ltd.

Commitment to Good Corporate Governance

The Board of Directors and Management of Insular Health Care, Inc. ("InLife Health Care") hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of its Corporate goals.

Objective

This Manual shall institutionalize the principles of good corporate governance and shall promote awareness of the principles in the entire organization. It will provide general guidelines that would ensure that the Corporation's management continues to enhance the value of the Corporation.

The Corporation's Board of Directors and Management, employees, and members believe that corporate governance is a necessary component of what constitutes sound strategic business management, and will therefore undertake every effort necessary to create awareness within the organization of the importance of good corporate governance.

Definition of Terms

The following are working definitions of terms used in this Manual:

- Board of Directors – In InLife Health Care, the collegial body that exercises the corporate powers of the Corporation is the Board of Directors. It conducts all businesses and controls or holds all properties of the Corporation.
- Control Environment – The control environment is composed of : (a) the Board which ensures that the Corporation is appropriately and effectively managed and controlled; (b) a management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by an effective management information system and risk management reporting system; and (d) the independent audit mechanisms to monitor the adequacy and effectiveness of the organization’s governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts.
- Corporate Governance – is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized.
- Corporation – as referred to in this Manual is Insular Health Care, Inc. (“InLife Health Care”).
- Executive Director – refers to a Director who is at the same time appointed to head a department/unit within the corporate organization or that of its Parent Company, The Insular Life Assurance Company, Ltd.
- Independent Director – refers to a person other than an officer or employee of the corporation, its parent Company, or any other individual having any relationship with the corporation, which would interfere with the exercise of independent and objective judgment in carrying out the responsibilities of a Director.
- Internal Auditing – refers to an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Internal Control – refers to the process effectuated by the Corporation’s Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies.
- Independence – refers to the environment which allows the person to carry out his/her work freely and objectively.
- Management – refers to the body given the authority to implement the policies determined by the Board in directing the course/business activities of the Corporation.
- Non-Executive Director – refers to a Board Member with non-executive functions.
- Objectivity – refers to unbiased mental attitude that requires the person to carry out his/her work in such manner that he/she has an honest belief in his/her work, work product and that no significant quality compromises are made. Objectivity requires the person not to subordinate his/her judgment to that of others.
- Officer – The Chairman of the Board of Directors, the Chairman of the Executive Committee, the Vice Chairman of the Executive Committee, the President, the Vice Presidents, the Treasurer, the Assistant Treasurer, the Corporate Secretary, the Assistant Vice Presidents and

the Assistant Corporate Secretary are officers of the Corporation.

- Quorum – The presence of a majority of the outstanding capital stock must be present or represented in order to constitute a quorum for the transaction of business unless otherwise provided for by law.
- Related interests – shall mean individuals related to each other within the fourth civil degree of consanguinity or affinity, legitimate or common law, and two or more companies owned or controlled by a single individual or by the same family group or the same group of persons.
- Related Party – Any party, individual, group or entity, as defined below:
 - a. A director of the Company and/or its parent Company and affiliates;
 - b. An officer of the Company and/or its parent Company and affiliates;
 - c. A close family member of a director or officer of the Company and/or its parent Company and affiliates;
 - d. An entity which is an affiliate of the Company;
 - e. An entity which has an existing contractual relations with the Company;
 - f. An entity which, together with the Company, has a joint venture/strategic interest with the same third party;
 - g. An entity which provides a post-employment benefit plan for the employees of either the Company and/or its parent Company and affiliates;
 - h. An entity which is controlled, jointly-controlled or is significantly influenced by a person identified in a, b and c.; and
 - i. Such other parties, individuals, groups etc. as may be determined by the Company as a Related Party.
- Related Party Transactions (RPTs) – Other than insurance or HMO contracts, RPTs include any transactions referring to transfer of resources, services or goods between the Company and a Related Party, regardless of whether a price is charged. RPTs do not include the purchase of an HMO contract entered into by the Company in the ordinary course of its business.

RPTs shall be interpreted broadly to include not only transactions that are entered into with Related Parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a Related Party.

- Risk Management – procedure to minimize the adverse effect of a financial loss by (a) identifying potential sources of loss; (b) measuring the financial consequences of a loss occurring; and (c) using controls to minimize actual losses or their financial consequences.
- Significant influence – The power to participate in the financial and operating policy decisions of an entity but is not in control of those policies. Significant influence may be gained by ownership, statute or agreement.
- Stakeholders – refers to the group of members, officers, employees, agents, suppliers, creditors and the community.

1. The Compliance Officer

- 1.1 To ensure the Company's adherence to the guidelines on corporate governance set herein, the Board shall, upon recommendation by the President and CEO, designate a Compliance Officer. He shall have direct reporting responsibilities to the Chairman of the Board and the Board's Governance Committee. He has a rank of Vice President and is not a member of the Board. He shall be tasked to perform the following duties:
- Provide and coordinate the corporate on-boarding program and required trainings for new Directors.
 - Ensures attendance of board members and key officers to relevant trainings
 - Coordinate, monitor and facilitate compliance of the Corporation with existing laws, rules and regulations;
 - Monitor compliance with the provisions and requirements of this Manual;
 - Determine violations of compliance with existing laws, rules, regulations and company policies, and recommend appropriate sanctions and/or penalties therefore;
 - Identify, monitor, and control compliance risks;
 - Appear before government agencies, if necessary; and
 - Annually prepare and submit an Annual Corporate Governance Report (ACGR) before the deadline set by the Insurance Commission (IC).
 - Performs such other duties and responsibilities as may be provided by the IC.

2. Corporate Secretary

- 2.1 The Board shall appoint a Corporate Secretary who shall be a Filipino citizen and an officer of the Company. He should possess administrative, interpersonal, legal skills, as well as some skills in finance, accounting or corporate secretarial practices. He shall be capable of carrying out the duties to which the post entails and his removal shall be a matter for the entire Board to decide.
- 2.2 Aside from duties assigned to him as stated in the Corporation's By-laws, he shall objectively provide advice and services to the Directors to ensure that they are informed on governance matters and compliant with board procedures. He is thus required to keep abreast of the relevant laws and regulations.
- 2.3 Advises on the establishment of board committees and their terms of reference;
- 2.4 To ensure that the members of the Board have adequate and accurate information that will enable them to arrive at intelligent decisions during Board meetings, the Corporate Secretary shall inform them of Agenda items including relevant papers and other documents, five (5) business days in advance, and in case of additional items, two (2) days before the meeting.
- 2.5 Attends all Board meetings.
- 2.6 He shall also work with the Management and contribute to the flow of information between Board and management, the committees, and stakeholders.
- Ensures that the by-laws conform with regulatory requirements.

3. Board of Directors

Insular Health Care is headed by a competent, working Board that fosters corporate growth and sustainability that is consistent with its corporate objectives and in the best interest of its stakeholders.

3.1 The Board

- a. The Board of Directors shall consist of eleven (11) Directors, with at least two (2) Independent Directors.
- b. Immediately after their election, the Directors shall meet, and shall elect, from among themselves, a Board Chairman and Vice Chairman, the Chairman, Vice Chairman and members of the Executive Committee, the President, the Treasurer, and Secretary.
- c. The Board of Directors should be composed of a majority of non-executive trustees who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on company affairs and to substantiate proper checks and balances.
- d. The members of the Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.
- e. Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise the vacancy must be filled by the stockholders at a regular or special meeting called for the purpose. A director so elected shall serve only for the unexpired term of his predecessor in office.
- f. Any directorship to be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so stated in the notice of the meeting.
- g. The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these by-laws.

3.2 General Responsibility

A Director's office is one of confidence and reliance. He shall act in the best interest of the Corporation in a manner characterized by transparency, accountability, and fairness. He shall exercise leadership, prudence and integrity in directing the corporation towards sustained progress over the long term.

To ensure good governance of the Corporation, the Board shall establish the Corporation's vision and mission, strategic objectives, action plans, policies and procedures that will guide and direct the activities of the Corporation. The Board shall also establish a systematic mechanism for monitoring Management's performance towards the attainment of the Corporation's short and long-term strategic objectives.

The Chairman of the Board shall provide for an adequate orientation process for new Directors. All new Directors shall be oriented on the Company's structure, business, legal and regulatory environment and corporate governance practices. They shall be apprised of vital corporate documents and relevant policies that define their duties and responsibilities as a Director.

It shall be the policy of the corporation to encourage its members of the Board to attend ongoing or continuous professional education programs and allocate funds therefor. The Board shall assess the adequacy of Director development and education for individual Director and for the Board as a team.

Continuous learning and education for the Board ensures that the Company is updated with industry news and is better able to identify and take timely advantage of strategic partnerships and opportunities.

3.3 Members of the Board

3.3.1 Qualifications

Candidates of the Board of Directors shall be nominated by the Nominations Committee and appointed by the Board in accordance with the following qualifications:

- a. Any person who is a Member of the Corporation and a citizen and resident of the Philippines.
- b. Any person who is at least twenty-five (25) years old at the time of his appointment
- c. Any person possessed with the necessary, competence and experience, in terms of management capabilities and preferably in the field of insurance, HMO or related disciplines. In view of the fiduciary nature of insurance obligations, Trustees shall also be persons of integrity and credibility.

3.3.2 Disqualification - The following are grounds for disqualification of members of the Board:

A. Permanent Disqualification

- Any person who has been convicted by final judgement of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft;
- Persons who have been convicted by final judgment of the court for violation of the insurance laws;
- Persons who have been judicially, declared insolvent, spendthrift or unable to enter into a contract; or
- Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

B. Temporary Disqualification

Meanwhile, any of the following shall be a ground for the temporary disqualification of a Director:

- Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as the refusal persists;
- Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special of the Board of Directors during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;
- Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;
- Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission; Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification

- applies until the lapse of the specific period of disqualification of the Insurance Commission;
- Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
- Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- Those under preventive suspension;
- Persons with derogatory records with the NBI, court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- Persons who are delinquent in the payment of their obligations as defined hereunder

Having delinquency in the payment of obligations as defined hereunder:

- a. Delinquency in the payment of obligations means that obligations of a person with the HMO or its related companies where he/she is a director, trustee or officer; or at least two obligations with other HMO or insurance companies, under different credit lines or loan contracts;
- b. Obligations shall include all borrowings from an HMO or insurance company, or its related companies obtained by:
 1. A director, trustee or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser, or surety for loans from such institutions;
 2. The spouse or child under the parental authority of the Director;
 3. Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a Director or officer;
 4. A partnership of which the Director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
 5. A corporation, association or firm wholly-owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items 1, 2, and 4:

This disqualification should be in effect as long as the delinquency persists.

3.4 Independent Director

Independent Directors can serve as such for a cumulative nine (9) years. An independent trustee shall refer to a person who –

1. is not or was not a regular director, officer or employee of the covered entity, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;
2. is not or was not a regular director, officer, or employee of the covered entity's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
3. is not an owner of more than two percent (2%) of the outstanding shares or a

stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the covered entity, or in any of its related companies or of its majority corporate shareholders;

4. is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the covered entity or any of its related companies or of any of its substantial stockholders;
5. is not acting as a nominee or representative of any director or substantial shareholder of the covered entity, any of its related companies or any of its substantial shareholders;
6. is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the covered entity, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
7. is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
8. is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
9. was not appointed in the covered entity, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
10. is not affiliated with any non-profit organization that receives significant funding from the covered entity or any of its related companies or substantial shareholders; and
11. is not employed as an executive officer of another company where any of the covered entity's executives serve as regular directors. Related company refers to (a) the covered entity's holding/parent company; (b) its subsidiary or affiliate; (c) subsidiaries of its holding/parent company; or (d) a corporation where a covered entity or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

Related company refers to (a) the covered entity's holding/parent company; (b) its subsidiary or affiliate; (c) subsidiaries of its holding/parent company; or (d) a corporation where a covered entity or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

3.5 Duties and Functions of the Board of Directors

To ensure a high standard of best practice for good corporate governance for the Corporation and its stakeholders, the Board of Directors shall strive to fulfill to its greatest

ability the following powers, duties, and attributes, in addition to those assigned to it by the Corporation Code and other sections of the Corporation's By- Laws:

3.5.1 Install a process of selection and training to ensure a mix of competent members of the Corporation's Board of Directors and its Management, each of whom can add value and contribute independent judgment to the formulation of sound corporate objectives, strategies, action plans and policies.

Specific to this duty are the following:

- Appoint or provide for the appointment of the President and Chief Executive Officer (CEO), Vice Presidents and Assistant Vice Presidents, or such other positions who need not necessarily be members of the Board of Directors, Attorneys-in-Fact, Managers, Assistant Managers, Assistant Secretaries and Legal Counsel for the Corporation, and fix their duties, responsibilities and powers;
- Review performance of the Board
- Provide on-going or continuous professional education program.
- Appoint a Corporate Secretary;
- Adopt a professional development program for members of the Corporation's management and general employee force, as well as a succession planning for senior management;
- Review performance of the Board and senior management, and succession planning including the replacement, appointment, training and remuneration of senior executive officers to ensure that there is balance of appropriate skills within the Board and the Company
- The Non-executive Directors, led by the independent Directors, shall meet annually without the Chairman's presence to appraise the Chairman's performance and on other such occasions deemed appropriate.
- Performance evaluation of the Chairman is conducted by Non-executive Directors.
- Appoint qualified officers according to the "Fit and Proper" standards of the IC Corporate Governance

3.5.2 Determine the Corporation's purpose, its vision/mission and core values, its corporate objectives, its specific strategies and action plans to support the attainment of its objectives, and general policies that would ensure its survival and continued growth. Specific to this duty are the following:

- Determine the forms and conditions of all types of HMO Products that may be issued and the time for the commencement of placing them in the market;
- Determine the period, manner and conditions under which the Corporation shall engage in the kinds of business comprised in its Articles of Incorporation;
- Establish and adopt a schedule of matters and authorities specifically reserved for its decision as a safeguard against the risk of misjudgment or deliberate illegal or irregular practices, which shall include the following matters:
 - Acquisition and disposal of assets or the Corporation that are material in nature;
 - Related-party transactions of a material nature;
 - Authority levels for core functions of the Corporation;
 - Organizational structure job description and authority limits for the President and Chief Executive Officer, including any changes thereto.
- Corporate policies on investments, underwriting, reinsurance, claims management;
- Outsourcing of core business functions.
- Making major contributions to philanthropic organizations and NGOs.
- Determine the manner in which the corporate capital shall be invested, subject to the provisions of the Corporation's By-Laws, a resolution being required for each investment or loan, except investments or loans of relatively small amounts, which the Board by resolution may authorize certain officers to approve subject to specified guidelines, and except insurance policy loans in accordance with

- policy provisions;
- Decide as to the safekeeping of the funds of the Corporation, open current accounts, fixed deposit accounts and savings account with any bank authorized to operate in the Philippines and/or abroad;
- Determine the creation of branches, agencies, and office departments of any class, under the conditions it may deem convenient;
- Approve the annual strategic plans, financial objectives, budgets and general expense accounts of the Corporation and monitor corporate performance;
- Review and approve material transactions not in the course of the Company's business
- Submit annually to the regular meeting of members the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;
- Determine and segregate the sum that the Board may deem sufficient to distribute as dividends;
- Authorize any other person or persons it may deem fit, aside from the Chairman of the Executive Committee, to purchase, sell, or mortgage the real or personal properties of the Corporation; and
- Authorize any other person or persons it may deem fit, aside from the Chairman of the Executive Committee, to cancel mortgages or pledges, executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled.

3.5.3 Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices. There should also be provided a continuous learnings to the Board and key officers to better identify and take advantage of strategic partnership and opportunities. Finally, there should also be a continuous learning and education for all employees re: insurance, AMLA, DPA, and others, to better equip them for their roles and responsibilities.

3.5.4 Disclose non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. Implements a globally recognized standard/framework in reporting sustainability and non-financial issues.

3.5.5 Identify the Corporation's stakeholders and formulate a clear policy on communicating and relating with them, including protecting their rights.

- The Board must formulate and maintain a policy that will allow the Board and management to communicate with the stakeholders through an effective Member relations program.

3.5.6 Present a balanced and understandable assessment of the Corporation's position and prospects.

The Board's responsibility to present a balanced and understandable assessment should extend to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

3.5.7 Make rules for the internal regulation of the Corporation which includes a regular review of the effectiveness of the internal checks and balances to ensure that the decision-making capability and the integrity of corporate operations and reporting systems are always maintained at a high level, and in particular:

- Maintain an adequate and effective sound system of internal control and management information systems to safeguard stakeholders' investments and the Corporation's assets.
- Identify key business risks, establish operational risk-taking limits commensurate with the financial capacity and technical capabilities for the Corporation's core activities, specifically underwriting, reinsurance and investment, taking into

consideration relevant issuances by the Insurance Commission, and insuring the implementation of appropriate systems to manage risks within set limits.

- Approve corporate policies on major areas of operations, including underwriting, investments, reinsurance and claims management.

3.5.8 Determine the manner and conditions under which employees of the Corporation may be granted pension retirement, gratuity, life insurance and other benefits.

3.5.9 Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested as plaintiff or defendant, in connection with the business of the Corporation.

3.5.10 Identify key performance indicators, and establish performance standards for the monitoring of the attainment of the corporate objectives.

3.5.11 Properly discharge Board functions through regular and special meetings whereby independent views during Board meetings shall be given due consideration, and all such meetings shall be duly documented.

Members of the Board should attend regular and special meetings of the Board of Directors in person or through advances in technology (e.g. teleconferencing systems) that enable the Director to still actively participate in said meetings.

3.5.12 Settle any doubts that may arise relative to the interpretation of the Corporation's By-Laws and supply any omissions, reporting thereon to the Members' meeting for such action as it may see fit to make.

3.5.13 Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

3.5.14 Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties.

3.5.15 Assess its own effectiveness in fulfilling its responsibilities by the conduct of an annual assessment of its performance, the performance of the Chairman, individual members and committees. Every three years, the assessment may be facilitated by a third-party facilitator.

3.6 Specific Duties and Responsibilities of a Director - A Director shall have the following duties and responsibilities:

3.6.1 Conduct fair business transactions with the Corporation and ensure that personal interest does not compromise his impartiality and does not bias Board decisions.

- If an actual or potential conflict of interest should arise on the part of a member of the Board of Directors, it should be fully disclosed to the Board and the concerned Director should not participate in the Board's decision making in relation to the conflict of interest.
- A Director who has, or is perceived to continue to have, a conflict of interest of a material nature with the Corporation should resign as member of the Board of Directors.

3.6.2 Devote time and attention necessary to properly discharge his/her duties and responsibilities.

3.6.3 Act judiciously.

3.6.4 Exercise independent judgment, keeping an objective view on each problem or

situation presented.

3.6.5 Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Securities and Exchange Commission, the requirements of other regulatory agencies. A Director shall also keep himself informed of industry developments and business trends to protect and enhance the company's competitiveness.

3.6.6 Observe confidentiality of non-public information acquired by reason of his/her position as a member of the Corporation's Board of Directors.

Any non-public information should not be disclosed to any other party without the authority of the Board.

3.6.7 Ensure the continuing soundness, effectiveness and adequacy of the Corporation's Control Environment.

Each Director is provided with a copy of the specific duties and responsibilities of the Board of Directors, and the responsibilities of each Director at the time of election. Each Director shall acknowledge receipt and certify their understanding of the same.

3.6.8 Notify the Board before accepting directorship or trusteeship in another company

3.7 Powers and Duties of the Chairman of the Board - The Chairman of the Board of Directors shall have the following powers and duties:

3.7.1 Preside at all of the Members' meetings and meetings of the Board of Directors;

3.7.2 Makes certain that meeting agenda addresses strategic matters, including overall risk appetite of the corporation; considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations; facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors/trustees; Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

3.7.3 Cast the deciding vote in case of a tie in the Members' meetings or in the Board of Directors' meetings.

3.7.4 Ensure that the Board/Board committees have all the necessary information and resources in order for them to fulfill their roles as such.

- The Directors should receive accurate, timely and complete information.
- The Corporation has an orientation program for new Directors.
- All Directors shall continually update their skills, knowledge and familiarity with the Corporation's goals and objectives.

3.7.5 Exercise such other powers and duties that are given him by the Corporation's By-Laws.

3.8 Board Balance, Diversity and Independence

3.8.1 The Board shall be composed of executive and non-executive Directors, including independent non-executive Directors having a clear division of responsibilities such that no individual or small group of individuals can dominate the Board's decision-making.

3.8.2 The Board is mix of Directors of different expertise, experience, age, gender, skills

and backgrounds. To achieve its diversity aspirations, the Board will.

- a. Set measurable objectives and criteria to achieve its diversity goal.
- b. Ensure the board's composition considers the balance of skills, experience, knowledge, perspectives, independence and characteristics in alignment with the strategic needs and goals of the Company and the environment in which it operates

3.8.3 The Non-executive Directors shall be of sufficient qualification, stature and number to carry significant weight in the Board's decisions. Non-executive Directors considered by the Board to be independent shall be identified in the annual report.

3.8.4 The optimum number of directorships a Non-executive Director should hold simultaneously Insurance Commission Regulated Entities (ICRE) and in Publicly Listed Companies (PLCs) shall be limited to five (5).

3.8.5 Considering that the HMO and insurance business are imbued with public interest, the role of the Chairman and Chief Executive Officer shall be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Where the roles are combined, there shall be a strong independent element on the Board. Check and balance shall be clearly provided for, to help ensure that independent outside views, perspectives and judgments are given proper

3.9 Board Decisions

Board Decisions shall be made with minimum quorum requirement of majority of the Board of Directors.

3.10 Performance Evaluation

3.10.1 The Board of Directors conducts an annual evaluation of its performance through self-assessment by the individual Directors of their respective individual performance, the performance of the Board Committee to which they belong and the Board as a whole through the accomplishment of Self-Assessment Forms (SAF).

3.10.2 The Chairman's performance is evaluated by non-executive Directors, taking into consideration the views of the executive Directors. Non-executive Directors shall submit an accomplished Assessment Form of the Board Chairman (Annex A) to the Governance Committee. The Non-Executive Directors may meet separately to conduct this assessment.

3.10.3 The conduct of an annual performance assessment of the CEO is the responsibility of the Personnel and Remuneration Board Committee.

3.10.4 The SAFs are based on the Company By-Laws, IC Code of Corporate Governance, and other criteria that the IC may prescribe.

3.10.4.1 The self-assessment shall be done at the end of the year. The accomplished SAFs shall be submitted to the Corporate Secretary on or before the first Board meeting of the ensuing year.

3.10.4.2 All performance evaluation results shall be disclosed in the Annual Report.

3.11 Remuneration

3.11.1 The levels of remuneration of the Corporation shall be sufficient to attract and retain the services of qualified and competent Directors and Officers. A portion

of their remuneration may be structured or be based on corporate and individual performance and aligned with the long-term interest of the Company.

3.11.2 The Corporation shall establish a mechanism of review, and formal and transparent procedure, for the development of a policy on executive remuneration or determination of remuneration levels for individual Directors and Officers. It shall ensure, however, that no Director participates in deciding his own remuneration.

3.11.3 The Corporation's annual reports and information shall include a clear, concise, and understandable disclosure of all fixed and variable compensation that may be paid to its Directors and key officers during the preceding fiscal year. The corporation, at its option, may disclose such compensation of its Directors and key officers as a group.

3.11.4 For employees assigned to risk, compliance and internal audit, their remuneration is determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.

3.12 Vacancy of Office of Directors

3.12.1 Death, legal incapacity, or resignation of a Director of any class shall create a vacancy in that class.

3.12.2 In case of any vacancy in any class, other than by removal or expiration of term, the remaining members of the Board, if constituting a quorum, may elect a new Director to hold office for the unexpired term of the vacancy that exists.

3.12.3 If the remaining members of the Board do not constitute a quorum, the vacancy or vacancies may be filled up by a special election, provided that if the vacancy occurs not more than ninety (90) days before the next regular meeting, it shall be filled up at that meeting.

3.13 Succession Planning

The Corporation acknowledges that a succession plan for its Board of Directors is in its best interest of the Company, stakeholders, and employees and will foster continuity of leadership for the Board. The succession plan is intended to give assurance and confidence to all stakeholders of the Company, demonstrating that leadership changes would be carefully planned, communicated and implemented by the Board of Directors.

Succession planning is an ongoing process of identifying, assessing, and developing people to ensure the organization's continued effective performance through leadership continuity. The plan includes succession for the Board as a whole and the Board's leadership positions.

The purpose of the plan is to ensure the Board's continuity is composed of direction with collective working knowledge, experience, or expertise that is relevant to the Corporation's industry/sector to meet its short-term and long-term goals.

The succession plan shall comply with the qualifications and disqualifications standards set in the Corporation's Manual of Corporate Governance for the identification of potential candidates for membership to the Board. The succession plan may consider and provide for rotation of directors through Committee Chairperson positions and memberships to provide for a balance of continuity and rotation in the leadership role.

Procedures:

- a. The Corporate Governance, Nomination and Remuneration Committees should actively seek and vet appropriate candidates for Board directorship continually.

- b. The Corporate Governance, Nomination and Remuneration Committees should collect resumes for consideration continually.
- c. The Corporate Governance, Nomination and Remuneration Committees shall not seek the assistance of a third-party consultant for recruiting Board members without the approval of the Board.
- d. The Corporate Governance, Nomination and Remuneration Committees shall refer to pertinent sections of this Manual, the By-laws and Board Committee Charters in seeking qualified candidate for Board directorship.

4. Board Committees

To aid in complying with the principles of good corporate governance and to ensure the active participation of the members of the Board in the management of the company, the Corporation's Board of Directors shall constitute the following Board Committees:

4.1 Executive Committee

An Executive Committee composed of a Chairman, a Vice Chairman, and three (3) members elected and appointed to the same by the Board from among its Members shall be formed each year.

4.1.1 The Executive Committee shall have the following functions:

- a. Execute the resolutions of general meetings of the Members of the Board of Directors and of the Executive Committee;
- b. Ensure that the operating results are aligned with the objectives of the monetary component of the Company;
- c. Ensure that the operational performances are aligned with the objectives of the non-monetary components of the Company;
- d. Ensure that the Company is in compliance with all applicable laws and regulations, whether national or local;
- e. Review and evaluate risks and possible exposures due to business developments;
- f. Review and assess critical data and provide an evaluation and direction in relation thereto;
- g. Perform assessment on the impact of environmental scanning for both internal and external environment;
- h. Guide on matters elevated by the Management Committee in accordance with the mission, vision and values of the Company.

4.1.2 The Chairman of the Executive Committee shall preside at the meeting of the Executive Committee. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him.

4.1.3 Three (3) members of the Executive Committee shall constitute a quorum. In any case, the affirmative votes of at least three (3) shall be required to pass resolutions which shall be valid as corporate acts.

4.1.4 During the absence or incapacity of both the Chairman and Vice Chairman of the Executive Committee, the Board of Directors shall designate who among its members shall act as Acting Chairman of the Executive Committee.

4.2 Other Board Committees

Other Board Committees have been formed namely, Audit and Related Party Transaction Committee, Investments Committee, Corporate Governance and Nominations, Risk Management Committee, Innovations & Technology Committee, and Personnel and Remuneration Committee to assist the Board in the performance of its functions. The respective Charters of these board committees are shown in the Annexes B1 to B6.

Board committee meetings are attended only by its members. However, others may attend upon invitation.

5. Financial Reporting, Transparency and Internal Control

5.1 Financial Reporting

- 5.1.1 The Board shall ensure timely and accurate disclosure on all material matters, including the financial condition, performance, ownership and governance of the Corporation.
- 5.1.2 Fair timely and cost-efficient access to relevant information shall be provided for all parties with a legitimate interest in the Corporation. Key financial information should be readily and easily accessible to shareholders, members and creditors.
- 5.1.3 The Board and Senior management shall receive regular reports on all key aspects of the operations of the Corporation, which shall include an analysis of membership fee growth, underwriting performance, investment results, claims management and credit control, to provide a sound basis for assessing financial performance and condition, identifying real and potential problems and formulating appropriate policies and strategies.
- 5.1.4 The Board shall ensure faithful compliance with the financial and other reportorial requirements set by the Insurance Commission.

5.2 Transparency

- 5.2.1. Disclosure shall include material information on the financial and operating results of the Corporation.
- 5.2.2. It shall also include any material foreseeable risks for the Corporation.
- 5.2.3. All transactions with the Corporation, whether HMO-related or otherwise are disclosed to the Board. Likewise, Material related party transactions are disclosed fully to the Board and prior approval shall be obtained for such that are material in nature.
- 5.2.4. The Corporation shall, in its annual report include a statement of how the Board operates, types of decisions to be followed by the Board and those that are

5.3 Internal Control

- 5.3.1 The Board shall assure that an effective system of controls is in place for safeguarding the Corporation's assets.
- 5.3.2 The Board shall oversee the implementation of an effective internal control system and corporate risk framework that is dynamic and responsive to the best interest and needs of the Company taking into account its size, risk profile and complexity.
- 5.3.3 The Board shall ensure that reports accurately reflect the financial condition of the Corporation and the results of corporate operations.
- 5.3.4 The Board shall regularly review the system for securing adherence to key internal policies as well as to significant laws and regulations that apply to it. An effective and comprehensive internal audit of the Corporation's internal control system shall be carried out by operationally independent and competent staff, and audit findings and recommendations shall be reported to the Board and the senior management of the Corporation.
- 5.3.5 The non-executive directors (NEDs) should 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. The meetings should be chaired by the lead independent director.

5.3.6 One of the most important missions of the Board is to protect shareholder value through adequate financial controls. The Board shall foster and encourage a corporate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and Code of Conduct.

5.3.7 The Board shall establish the Audit Committee and an internal audit staff.

5.4 Related Party Transactions

The Company shall adopt, implement and monitor compliance with a policy governing related party transactions (RPTs). The policy shall include the definition of related parties, covered transactions, materiality thresholds, and the process of review, approval and disclosures of RPTs, as follows:

5.4.1. Following the International Accounting Standard 24 on Related Party Transactions ("IAS 24") and other laws and regulations, as may be applicable, RPTs shall be reviewed and approved by appropriate authorities designated by the Company. The review shall determine whether an RPT meets the following standards: (1) the RPT is on arm's length terms; and (2) the RPT is in the best interest of the Company and its stakeholders, as a whole, considering the relevant circumstances;

5.4.2. Material RPs shall be subject to the approval of by the Board; and

5.4.3. RPTs shall be disclosed per the applicable disclosure requirements.

6. Public Accountability

As custodian of public funds, the Company shall ensure that their dealings with the public are always conducted in a fair, honest and equitable manner. Accordingly, officers of the Company shall avoid conflicts of interest and not engage in any unfair or deceptive acts or conduct that constitute unfair trade practices to the detriment of members, including but not limited to:

- Misrepresentations through false, deceptive or misleading statements, which include misrepresentations as to terms and benefits of HMO contracts, the financial condition of the Corporation and information about competitors
- Entering into any agreement to commit act of boycott, coercion or intimidation in a market monopoly of HMO or insurance business.
- Knowingly committing or performing as a general business practice unfair claims settlement practices.

7. Responsibility for Good Corporate Governance

7.1 Good corporate governance is the responsibility and concern, not only of the Board of Directors and management, but also of each and every employee of the Corporation. The Board of Directors shall see to it that a system of rules and regulations is in place defining the duties and responsibilities of each and every officer and employee to accomplish this objective.

The Board is responsible for promoting and overseeing the implementation of the Anti-Corruption Policy of the Company and to ensure that a culture of integrity is fostered and maintained by all employees.

7.2 Sustainability

The Board shall encourage Sustainability and Social Responsibility of the Company in all its dealings with the communities where it operates.

The Board shall ensure that Company activities serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The Board must ensure that the company recognizes and places an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

7.3 Encouraging Employee Participation

The Board shall adopt policies, programs and procedures for employee participation to create a symbiotic environment, realize the company's goals, and participate in its corporate governance processes by:

The Board stands against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct that is disseminated to employees across the organization through trainings.

7.3 Whistleblowing Policy

The Board shall ensure that the Company provides an avenue for providing feedback about the Corporation, its people, and its operations. It shall provide support for an improved and easily accessible means and methods of reporting of any wrongdoing, whether planned, suspected or already committed.

It shall also ensure that any person, including members of the Board, who report in good faith of any suspected violation of law (including fraudulent acts, bribery or corruption), rule or regulation shall be protected from any form of retaliatory action provided he is not the most guilty.

This Manual shall complement all Anti-Corruption programs and procedures and other Corporate Governance policies of the Company.

The Board shall ensure the development and implementation of an Anti-Fraud program designed to detect, prevent and investigate suspected or actual fraud.

8. Indemnification of Directors and Officers

Each Director and each member of the Executive Committee shall receive a per diem allowance for his/her attendance at each meeting of the Board or the Executive Committee, as the case may be. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

9. Liability of Director for Unauthorized Acts

9.1 Directors who willfully and knowingly vote for or assent to patently unlawful acts of the Corporation, or who are guilty of gross negligence or bad faith in directing the affairs of the Corporation, or acquire any personal or pecuniary interest in conflict with their duty as such Directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Corporation, its Members and other persons.

9.2 When a Director or officer attempts to acquire or acquires, in violation of his duty, any

interest adverse to the Corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a Director for the Corporation and must account for the

10. Dealings of Directors or Officers with the Corporation

- 10.1 A contract of the Corporation with one or more of its Directors or officers is voidable, at the option of the Corporation, unless all of the following conditions are present:
- 10.1.1 That the presence of such Director in the Board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
 - 10.1.2 That the vote of such Director was not necessary for the approval of the contract;
 - 10.1.3 That the contract is fair, reasonable under the circumstances and complies with Section 5.4 of this Manual and the Company's Related Party Transactions policy; and
 - 10.1.4 That in the case of an officer, the contract of the officer has been previously authorized by the Board of Directors.
- 10.2 Where any of the first two (2) conditions set forth in the preceding paragraph is absent, in the case of a contract with a Director, such contract may be ratified by the vote of two-thirds (2/3) of the Members in a meeting called for the purpose, provided, that full disclosure of the adverse interest of the Directors involved is made at such meeting; provided, however, that the contract is fair and reasonable under the circumstances.

11. Reportorial System

In compliance with the requirements of the Code of Corporate Governance as issued by the Insurance Commission, and consistent with a disclosure-based approach to implementation and enforcement, the Company shall make a general disclosure of its corporate governance practices briefly describing the manner in which the various issues enumerated above have been addressed as well as other corporate governance best practices on:

- A. Board Composition
- B. Management Accountability
- C. Corporate Independence
- D. Internal Controls and Operational Risk Management
- E. Public Accountability
- F. Financial Reporting

A report shall be submitted annually to IC as prescribed.

12. Promoting Shareholder Rights

The Board shall respect the following rights of the Shareholders:

- 12.1 Right to vote on all matters that require their consent and approval
- 12.2 Right to inspect corporate books and records
- 12.3 Right to information
- 12.4 Right to dividends
- 12.5 Appraisal right

13. Communication Process

- 13.1 This Manual shall be available for inspection by any stakeholder of the Corporation at reasonable hours on business days.

13.2 All Directors, officers, division, department and staff heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

13.3 All Directors, officers, division, department and staff heads shall be given a copy of this Manual.

14. Monitoring and Assessment

14.1 The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalties provided in the succeeding section of this Manual.

14.2 This Manual shall be subject to an annual review unless the same frequency is amended by the Board.

14.3 All business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

15. Penalties for Non-Compliance with the Manual

15.1 To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the members of the Corporation's Board of Trustees, officers, staff, subsidiaries and affiliates, and their respective Trustees, officers and staff in case of violation of any of the provisions of this Manual:

- In case of first violation, the subject person shall be reprimanded.
- In case of a second violation, the subject person shall be suspended from office. The duration of the suspension shall depend on the gravity of the violation.

15.2 The commission of a third violation of this Manual by any member of the Board of Trustees of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from Board membership.

15.3 The Compliance Officer shall be responsible for determining violations through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

ANNEX A. ASSESSMENT OF THE PERFORMANCE OF THE BOARD CHAIRMAN

The non-executive Directors of the Board, led by the Lead Independent Director, shall evaluate the Chairman of the Board to ensure that he exercises an appropriate balance of power, increased accountability and greater independence in his decision-making. This two-part questionnaire shall take into account the objective and subjective opinions of the Non-executive Directors.

1. This internal evaluation form shall be used to assess the performance of the Board Chairman in accordance with the criteria of the Corporate Governance Manual, the company by-Laws, and such other criteria that the Insurance Commission may provide. The views of the executive Directors shall also be taken into account in evaluating the Chairman.
2. The implementation of such assessment, including the actions made by the Board Chairman based on the results of the evaluation made may be disclosed in the corporation's annual report.

This policy will be reviewed by the Governance Committee annually or more frequently as legal or regulatory requirements may dictate.

	Yes/No	Remarks
1. The Chairman presided the Annual Members' Meeting and meetings of the Board of Directors in the previous fiscal year.		
2. The Chairman has been responsible for ensuring that the Directors receive accurate, timely, and complete information.		
3. There is an effective line of communication between the Chairman and the members of the Board.		
4. The Chairman has provided for an adequate orientation process for new Directors.		
5. The Chairman has ensured that the Directors continually update their skills, knowledge and familiarity with the company's goals and objectives and has provided the necessary resources to achieve this.		

Please rate the subsequent questions using the rating system below:

- 1 – Highly Effective
- 2 - Effective
- 3 – Neither effective nor ineffective
- 4 - Ineffective
- 5 – Highly Effective

	Rating	Remarks
1. How would you rate the performance of the Chairman in terms of focus, use of time, and overall efficiency of the Board Meetings?		
2. How do you rate the Chairman in terms of his/her ability to manage the Board's agenda, and in responding to changing circumstances?		
3. How would you rate the Chairman in terms of his/her communication of the necessary information that you need in order to effectively exercise your best judgment as a member of the Board?		
4. How would you rate the Chairman in terms of his/her time commitment to the Board, recognizing his other significant commitments outside the company?		
5. How would you rate the Chairman overall, in terms of his/her competence, enthusiasm, and contribution to the Board's work?		

ANNEX B-1. AUDIT AND RELATED PARTY TRANSACTION COMMITTEE CHARTER

Introduction

The Audit and Related Party Transactions Committee (Committee) plays a significant role in providing oversight of the Company's governance, audit, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The Committee performs its role by providing independent oversight to the Company.

The Committee assists the Board in its responsibilities in ensuring that all transactions with a Related Party are conducted at arm's length and in the best interest of the Company and its stakeholders. It provides oversight in the implementation of Company policy on Related Party Transactions (RPTs).

1. Purpose

The Committee provides a structured, systematic oversight responsibilities to ensure the quality and integrity of the Company's accounting and financial reporting, auditing practices and internal control systems.

2. Structure and Composition:

The Committee shall be composed of at least three (3) Directors, majority of whom shall be Independent Directors and none of whom is an Executive Director. The Committee members shall collectively possess sufficient knowledge of audit, finance, insurance, IT, law, governance, risk, and control. It is important to periodically re-evaluate members' competencies and the overall balance of skills on the Committee in response to emerging needs.

In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction.

The Committee Chairman

The Board shall designate one Independent Trustee-member to serve as the Committee Chairman.

3. Term of Office

The term of office for a Committee member is one year. Continuance of Committee membership will be reviewed annually.

4. Quorum

The quorum for the Committee will be a majority of the members.

5. Meetings

The Committee shall meet quarterly or more frequently as the Committee deems necessary. The Chief Auditor (CA), acting as Committee Secretary under the direction of the Committee Chairman, shall prepare the agenda and provide the Committee members notice of meetings and the agenda. Minutes of all meetings with the Committee will be done by the Committee Secretary and will be provided in draft format at least two weeks after the Committee meeting and approved by the members.

6. Remuneration of Committee Members

Each member of the Committee shall be entitled to a *Per Diem* for attendance in each of the Committee's Meetings. The Per Diem rates are set by the Board.

7. Authority

In discharging its responsibilities, the Committee shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Committee and/or CAE will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee is empowered to:

- Appoint and evaluate the performance of the CA.
- Seek any information it requires from management, and all other employees.
- Access all records, documents, properties, assets, and personnel within the Company.
- Obtain any external professional advice and expertise it deems necessary to carry out its duties; and
- Investigate any activities within its scope of responsibilities, or as may be required by the Board.

8. Roles and Responsibilities:

It is the responsibility of the Committee to provide the board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the Company:

Financial Statement and Reporting

- Review the impact of significant accounting and reporting issues, including complex or unusual transactions and recent professional and regulatory pronouncements on the financial statements.
- Review with Management and external auditors the results of the audit, including any difficulties encountered.
- Review and endorse to the Board for approval the audited financial statements; consider their completeness and consistency with information known to the Committee and compliance with accounting principles and standards and regulatory requirements.

Internal Control

- Ensure the effectiveness of the Company's internal control system, including information technology security and control.
- Understand and review the scope of internal and external auditor's review of internal controls over financial reporting and obtain regular reports on significant findings and recommendations, together with Management's responses.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to management and the Board.

Internal Audit

- Provide oversight of the performance of the Chief Auditor and Audit Staff.
- Review with Management and the CA the Internal Audit Charter, plans, activities, staffing and organizational structure of the internal audit function.
- Review the adequacy and effectiveness of the internal audit function, including adherence to mandatory elements of the Institute of Internal Auditors' International Practices Framework, including the core principles for the Professional Practice of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.
- On a regular basis, meet separately with the CAE to discuss any matter that the Committee or the Audit Staff believe should be discussed privately.
- Review internal audit reports and other communications to management.

- Review and track management's action plans to address the results of internal audit engagements or on the results of any special investigations.
- Advise the board about any recommendations for the continuous improvement of internal audit.

External Audit

To obtain reasonable assurance with respect to work of the external assurance providers, the Committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

- Primarily responsible for recommending the appointment and/or removal of the external auditor.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit activities and their assessment of internal controls.
- Pre-approve audit services as well as any non-audit services to be engaged by the Company with the same external auditor.
- Obtain statements from the external auditors about the existence or non- existence of their Related Party relationships with the Company, including when they engage non-audit services and discuss the information with the external auditors to review and confirm their independence.
- Resolve any disagreement between Management and the external auditors regarding financial reporting and other matters.
- Monitor Management's progress on action plans related to external audit's findings, if any.
- On a regular basis, meet separately with the external auditors to discuss any matter that the Committee or auditors believe should be discussed privately.

Fraud

To obtain reasonable assurance with respect to the Company's procedures for the prevention and detection of fraud, the Committee will:

- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal and external auditors to ensure that the Company has appropriate anti-fraud plans, programs, and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Related Party Transactions

- Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.
- Continuously review and evaluate existing relationships between and among businesses and counterparties.
- Reviews Material RPT amounting from over PHP 10 Million up to PHP50 Million.
 - ❖ For RPTs exceeding PHP 50Million, endorses said transaction to the Board for approval.
- Ensures that the Company maintains adequate capital against risks associated with exposures to Related Parties. In this regard, material risks arising from RPTs shall be considered in the capital planning process.
- Submits to the Board a quarterly summary of all reviewed material RPTs for their confirmation. If no RPT has been discussed for the said period, submits a certification report documenting the same.
- Ensures that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.

9. Reporting Responsibilities

- Regularly submit and report to the Board the Committee’s activities, findings, decisions, deliberations, and recommendations.
- Give an annual report to the Board, summarizing the Committee's activities and recommendations from the previous year. The report should include:
 - ❖ A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year.
 - ❖ A summary of management's progress in addressing the results of internal and external audit engagement reports.
 - ❖ An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes that impact the Company.
 - ❖ Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended.
 - ❖ Provide information required, if any, by new or emerging corporate governance developments.
- Review any other report the Company issues that relate to the Committee’s responsibilities.

10. Other Responsibilities

- Review and assess the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Obtain regular updates from management and from the Company’s Legal and Compliance Department regarding legal and compliance matters, as needed.
- Conduct an annual self-assessment of the Committee’s performance and submit a report to the Board.
- Perform other activities related to this Charter as requested by the Board.

ANNEX B-2. INVESTMENTS COMMITTEE CHARTER

Purpose

Pursuant to good corporate governance, the Investment Committee (Committee) of Insular Health Care, Inc. (IHCI) is established to assist the Board of Directors with all investment-related matters.

The primary role of the Committee is to approve the company's investment objectives and corporate policies on investments and review for compliance and performance relative to objectives. The Committee is responsible for oversight on the investments of IHCI, which shall collectively be called "the portfolio."

This Charter outlines the duties of the Committee's members. The members of the Investment Committee shall be responsible for overseeing investment policies, guidelines, investment performance and related risk management. Committee members will fulfill their duties solely on behalf of the IHCI's mission. The members shall always act in the best interests of IHCI and avoid conflict of interest.

Meetings

The Committee shall meet quarterly. The Committee will take minutes of their meetings and provide copies to the Board for the official record.

The Committee will designate one (1) from among its members to serve as Committee Chair. The Chair will approve/set the agenda for meetings and preside over meetings.

A quorum shall consist of a majority of the Committee members.

Membership

The Committee shall consist of a minimum of three (3) members from the Board and four (4) members from IHCI Management Committee. Each member of the Committee shall be appointed by the Board.

The IHCI Head of Investment will report to the President and CEO and receive guidance on investment matters from the Committee. The Head develops and recommends for approval by the Committee investment strategies, objectives, and asset allocation targets. Reports quarterly to the Committee regarding investment performance. Provides annual review of investment objectives, strategies, and targets.

Authority and Responsibilities

1. Establish IHCI's investment policies and guidelines and review them regularly, or any time, upon the request of the Board of Directors.
2. Understand IHCI's investment goals and how they support IHCI's mission.
3. Monitor the investment funds' performance, including the impact on the IHCI's policies and guidelines. Review the portfolio's audited and unaudited financial statements and other financial reports.
4. Monitor and recommend retaining or replacing investment managers.
5. Recommend one or more benchmark portfolios that serve as a metric to evaluate portfolio returns.
6. Determine the necessary amount of contributions for the IHCI's portfolio.
7. Provide notices, reports and disclosures as required by company policy, laws, or regulations.

8. Review fees incurred by the portfolio to ensure they are reasonable.
9. Continually evaluate the strategies to keep pace with market fluctuations and changes and identify potential risks or events that may impair or impact on future cash flows.

Compensation

Committee members from the Board will receive honorarium for every meeting attended. Committee members from the IHCI Management Team will serve without additional compensation.

ANNEX B-3. CORPORATE GOVERNANCE and NOMINATION COMMITTEE CHARTER

1. The Governance, Nomination and Risk Management Committee:

- a. Advises the Board on governance matters;
- b. Assists the Board on the review of the candidates for Board membership of the Company subject to the provision of the Company By-Laws;
- c. Assists and advises the Board in fulfilling its oversight responsibilities on the Company's financial risk profile and risk management system.

2. Structure and composition:

The Committee shall be composed of up to three (3) independent Directors as members with a Chairman and Vice Chairman appointed by the Board.

3. The roles and responsibilities of the Governance and Committee are:

a. On Corporate Governance

- Shapes the policy on the size and composition of the Board as well as its internal functioning;
- Monitors and evaluates performance of the Board of Directors and the various Board Committees;
- Oversees the implementation of the Anti-Money Laundering and Counter- Terrorism Financing program of the Company;
- Ensures that Non-Executive Directors conduct annual performance evaluation of the Chairman, taking into account the views of the Executive Directors and that the Chairman acts on the results of the performance evaluation made. The committee shall report results of performance appraisal to the Board;
- Initiates the conduct of review of all the relevant policies and processes of the company to comply with the requirements of the Code of Corporate Governance Principles and Leading Practices (CGPLP), ASEAN Corporate Governance Scorecard and/or Integrated Annual Corporate Governance Report (I-ACGR);
- Ensures the implementation of the Manual on Corporate Governance;

b. On Nomination

- Pre-screens and shortlists all candidates nominated to become a member of the Board of Directors, keeping in mind the qualifications and disqualifications requirements and the number of Directorships to the Board as prescribed by the Insurance Commission and the Company's By-Laws.
- Undertakes the process of identifying the quality of Directors aligned with the Corporation's strategic directions and the possession of relevant experience for possible Board Committee memberships.
- Ensures that appointments are made on merit. Careful deliberation and consideration shall be done to ensure that appointees have enough time for the job.
- Delivers in writing to the Board of Directors on or before the fourth Wednesday of January of such year for approval the names of persons as candidates for election as Directors at the next Annual Members' Meeting. The number of candidates submitted shall be at least the same as the number of Directors in the class to be elected at the next Annual Members' Meeting subject to the provisions of the Company By-laws.

4. Other responsibilities:

- a. Reviews and assesses the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- b. Conducts an annual self-assessment of the Committee's performance and submits a report to the Board.
- c. Perform other activities related to this Charter as requested by the Board.

5. Authorities:

- a. Appoints and evaluates the performance of the Chief Risk Officer and the Compliance Officer;
- b. Seeks any information it requires from management, and all other employees;
- c. Access all records, documents, properties, assets and personnel within the Company; d. Evaluates the Company's enterprise risk management framework for the Board's approval; and
- e. Investigates any activities within its scope of responsibilities, or as may be required by the Board.

ANNEX B-4. INNOVATIONS AND TECHNOLOGY COMMITTEE CHARTER

1. The Committee assists the Board in fulfilling its oversight responsibilities in relation to the Company's formulation and execution of its information technology-related initiatives and innovation strategies.

2. Structure and Composition

The Committee shall be composed of at least three (3) Directors. The Board shall designate one member to serve as the Committee Chairman. At least one member must have at least a general knowledge or understanding of technologies relevant to the Company's line of business.

3. The Committee shall have the following duties and responsibilities:

- a. Assists the Board in:
 - Formulating the Company's information technology strategy and ensuring that its application is in pursuit of the Company's strategic objectives.
 - Determining the needed information technology investments in support of the Company's information technology strategy.
 - Reviewing the implementation of the Company's information technology initiatives and investments, including the expenditures compared to budget and the timelines of the implementation.
- b. Apprises the Board on technology-related issues, opportunities, risks and threats.
- c. Assists the Board in setting up and in the adoption of guidelines and policies regarding information technology security and disaster recovery capabilities.
- d. The Committee Chairman shall regularly submit and present a report to the Board, providing a summary of the Committee's activities, confirmation of how the responsibilities in this Charter were discharged, results of the assessment performed on the effectiveness of technology initiatives, and recommendations for improvement.
- e. Conducts an annual self-assessment of the Committee's performance and submits a report of the same to the Board.

ANNEX B-5. PERSONNEL AND REMUNERATION COMMITTEE CHARTER

Purpose

The Personnel and Compensation Committee of the Board of Directors of Insular Health Care Inc. has been delegated Board authority to oversee human resources management, personnel development, employee compensation and succession planning of the Company. The Committee will regularly review IHC's human management resources and the performance of senior management. The Committee is also responsible for approving the incentive compensation structure for other members of senior management and other critical posts as defined in succession planning, in accordance with guidelines established by the Committee from time to time. The Committee also has broad oversight over compliance with regulating bodies governing incentive compensation.

Structure and Composition

The Committee shall be composed of a Chairman, a Vice-Chairman, and up to three (3) members, one of whom should be an independent Trustee.

Roles and Responsibilities of the Personnel and Compensation Committee:

1. Oversees the formulation and implementation/administration of the general compensation policy of the Company as well as the compensation and benefit structure of the Company;
2. Ensure that the Company's compensation policy is equitable, fair, competitive and aligns the long term interests of the Company;
3. Ensures that the appropriate succession planning program is in place and is being implemented;
4. Reviews and evaluates the performance of Chief Executive Officer, President & Chief Operating Officer and senior management personnel consisting of the Heads of the various Operating Groups;
5. Reviews and evaluates the employees' short-term and long-term incentive plans and the corresponding remuneration therefor;
6. Review and recommend changes to the existing Human Resources Development or Personnel Handbook, to strengthen provisions of conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts;
7. The Committee Chairman shall regularly submit and present a report to the Board, providing a summary of the Committee's activities, confirmation of how the responsibilities in this Charter were discharged, and the results of the assessment of the effectiveness of its programs and initiatives, and recommendations for improvement, if any.
8. Conducts an annual self-assessment of the Committee's performance and submits a report of the same to the Board.

Resolutions and Actions

Meetings, Quorums and Actions

- The Committee shall meet in person, teleconference or video conferencing facility or through such other similar means at least twice a year at a time and place determined by its Chairman, with further meetings to occur when deemed necessary or desirable by the Personnel and Compensation Committee or its Chairman.
- As a general rule, Committee meetings shall be announced at least two weeks in advance. Notice of meetings may be given by any customary means of communication (e.g. by e-mail, in writing, by telephone, by telefax, etc.). The notice shall specify the time and place of the meeting and include a detailed agenda.

- Two thirds (2/3) of members shall constitute a quorum for the holding of a Committee meeting.
- The majority vote of all its members shall be necessary to approve an act or resolution of the Committee.
- Committee meetings shall be chaired by the Chairman of the Committee or, in his or her absence, by a Deputy Chairman, or a member chosen by the other members present.
- Actions of the Committee may also be taken by written consent (in physical, electronic or digital format) by majority of the members when deemed necessary or desirable by the Committee or its Chairman.

Minutes

Minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary, with the assistance of the Human Resources Head. The Corporate Secretary or his designate of Committee shall act as secretary for the meetings.

Reports to the Board

The Chairman of the Committee or his designate shall report to the Board all actions of the Committee at the meeting of the Board following such actions.

An act of the Committee which is within the scope of its powers shall not require ratification or approval by the Board for its validity and effectivity. However, any such act shall be subject to review, revision or alteration by the Board, provided that no rights of third parties shall be affected by any revision or alteration

Annual Review/Self-Evaluation

This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.

The Committee shall conduct a yearly self-evaluation of its own performance.

ANNEX B-6. RISK MANAGEMENT COMMITTEE CHARTER

1. The Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities on the Company's financial risk profile and risk management system.

2. Structure and composition:

The Committee shall be composed of up to three (3) Directors, majority of whom shall be independent Directors. The Board shall designate one independent Director-member to serve as the Committee Chairman. The Committee members shall have adequate and competent qualification or experience.

3. Meetings

The Committee shall meet quarterly but the Chairman may call for a special meeting of the Committee as and when it is necessary.

4. Authority

- a. Appoint and evaluate the performance of the Chief Risk Officer;
- b. Seek any information it requires from management, and all other employees;
- c. Access all records, documents, properties, assets and personnel within the Company;
- d. Evaluate the Company's enterprise risk management framework for the Board's approval and
- e. Investigate any activities within its scope of responsibilities, or as may be required by the Board.

5. Roles and Responsibilities

- a. Review and advise the Board, the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks;
- b. Ensure that Management identifies, appraises and addresses the risks exposures and their impacts to the Company. Risk exposures may include but not limited to, legal, information technology, strategic, credit, operational and financial risks;
- c. Ensure that Management sufficiently and swiftly manages risks, especially those categorized as having high impact with high probability of occurring;
- d. Review and advise the Board, in consultation with Management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction;
- e. Opt to engage consultant/s for a more independent assessment of the risk management infrastructure;

6. Reporting Responsibilities

- a. Regularly submit and report to the Board the Committee's activities, findings, decisions, deliberations and recommendations;
- b. Review any other report the Company issues that relate to the Committee's responsibilities;

7. Other responsibilities

- a. Reviews and assesses the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- b. Conducts an annual self-assessment of the Committee's performance and submits a report to the Board.
- c. Perform other activities related to this Charter as requested by the Board