

3 9 6 5 2

SEC Registration Number

M E D C O H O L D I N G S , I N C .

(Company's Full Name)

3 1 s t F L O O R R U F I N O P A C I F I C
T O W E R 6 7 8 4 A Y A L A A V E N U E M A K A T I
C I T Y

(Business Address: No. Street City/Town/Province)

Pauline C. Tan

(Contact Person)

(02) 8811-0465

(Company Telephone Number)

1 2 3 1

Month Day
(Fiscal Year)

SEC FORM
I-ACGR

(Form Type)

2nd Friday of
May

Month Day
(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC-CGFD and MSRD

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

674
(as of 30 April 2023)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: 31 December 2022
2. SEC Identification Number : 39652
3. BIR Tax Identification No. : 004-844-938
4. Exact name of issuer as specified in its charter : MEDCO HOLDINGS, INC.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 31st Floor, Rufino Pacific Tower, 6784 Ayala Ave.,
Makati City, Metro Manila Philippines
Address of Principal Office
- 1701
Postal Code
6. (632) 811-0465 to 66
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	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 of the corporation, and to sustain its competitiveness and profitability 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	<u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13	
2. Board has an appropriate mix of competence and expertise.	Compliant	https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	
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		

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Out of the 7 Directors of the Corporation, 3 are non-executive directors, 2 executive and 2 are independent. <u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 - 13 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	

Recommendation 1.3

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Non-Compliant		<u>Revised Manual of Corporate Governance</u> Article 9 Commitment to Good Corporate Governance: Page 17 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf The Company is in the process of establishing a Board Charter.
2. Company has an orientation program for first time directors.	Non-Compliant		The Company is in the process of establishing an orientation program for first time directors.
3. Company has relevant annual continuing training for all directors.	Compliant	<u>Certificate of Attendance for Corporate Governance Program for 2022</u> https://www.medco.com.ph/docus/MED_CorpGov_Seminar_Certs_2022_Directors.pdf https://www.medco.com.ph/docus/Corporate_Governance_Seminar_Certificates_2022.pdf <u>Revised Manual of Corporate Governance</u> Article 9 Commitment to Good Corporate Governance: Page 17 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	

Recommendation 1.4

1. Board has a policy on board diversity.	Compliant	<p>Out of the 7 Directors of the Corporation, 3 are women.</p> <p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Pages 12-13</p> <p>https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (A) Composition of the Board: Page 3</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
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Optional: Recommendation 1.4

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
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Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	The Company's Corporate Secretary is Atty. Jonas S. Khaw.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Ms. Pauline C. Tan is the Company's Compliance Officer.	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Pages 12-13.</p> <p>https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p><u>2022 Corporate Governance Seminar</u></p> <p>https://www.medco.com.ph/docus/Corporate_Governance_Seminar_Certificates_2022.pdf</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			

Recommendation 1.6

1. Board is assisted by a Compliance Officer.	Compliant	Ms. Pauline C. Tan is the Company's Compliance Officer. <u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Pages 12-13. https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Ms. Tan has a position equivalent to SVP.	
3. Compliance Officer is not a member of the board.	Non-Compliant		Ms. Tan is a director of the Company. The Company has determined that Ms. Tan is best suited to be its Compliance Officer because of her knowledge and expertise in relevant laws, rules, regulations, and regulatory requirements.
4. Compliance Officer attends training/s on corporate governance.	Compliant	<u>Certificate of Attendance for Corporate Governance Program for 2022</u> https://www.medco.com.ph/docus/MED_CorpGov_Seminar_Certs_2022_Directors.pdf	

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	<p><u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6-8</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
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Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p><u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6-8</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Company reviews its business objectives and strategy annually and as needed.</p>	

Supplement to Recommendation 2.2

<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p><u>Company Website</u> https://www.medco.com.ph/medco_business_profile.html</p> <p>Company Mission: We are a holding company that is committed to providing long term value enhancement for our shareholders by constantly being on the look-out for profitable investment opportunities.</p> <p>Company Vision: We aim to be a holding company that is a model of effective corporate governance and a socially responsible member of the business community.</p> <p>The Company reviews its business objectives and strategy annually and as needed.</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Non-Compliant</p>		<p>The Board is guided by a strategy execution framework:</p> <ol style="list-style-type: none"> 1. The Board sets the Company's direction, goals and objectives at the start of the year. 2. Senior management is tasked to disseminate and implement strategic initiatives formulated by the Board. 3. The Board regularly monitors Management performance on a periodic basis.

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Company's Chairperson is Mr. Bobby Cheng Sai Chong.</p> <p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Pages 12-13.</p> <p>https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p><u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6-8</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		<p>The Company has policy on retirement of officers and employees, as approved by the Board on 18 March 2008.</p> <p>However, the Company is still in the process of establishing a policy on retirement of directors.</p>

Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Revised Manual of Corporate Governance Article 3 (J) Remuneration of Directors and Officers: Page 10-11 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Non-Compliant		The Company is in the process of establishing a formal and transparent board nomination and election policy.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Non-Compliant		<p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Company is in the process of establishing a formal and transparent board nomination and election policy.</p>
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Non-Compliant		<p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Company is in the process of establishing a formal and transparent board nomination and election policy.</p>

4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf <u>2023 Definitive Information Statement</u> Item 5. Directors and Executive Officers: Page 8-11. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf	
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.	Non-Compliant		<u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf The Company is in the process of establishing a formal and transparent board nomination and election policy.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Non-Compliant		<u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf The Company is in the process of establishing a formal and transparent board nomination and election policy.

Optional: Recommendation to 2.6

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
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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	Revised Manual of Corporate Governance Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6-8 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<u>Policies on Related Party Transactions</u> https://medco.com.ph/docus/MED_Material_Related_Party_Transaction_Policy_2019.pdf	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

Supplement to Recommendations 2.7

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p><u>Policies on Related Party Transactions</u> https://medco.com.ph/docus/MED_Material_Related_Party_Transaction_Policy_2019.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 6. Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf The Company does not have significant related party transactions.</p>	

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	<u>Revised Manual of Corporate Governance</u> Article 3 (H) Internal Control Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf The Management Team of the Company consists of the following: 1. President and Corporate Information Officer – Mr. Dionisio E. Carpio, Jr. 2. Treasurer, Compliance Officer and Assistant Corporate Secretary - – Ms. Pauline C. Tan 3. Chief Audit Executive – Ms. Pauline C. Tan	
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	<u>Revised Manual of Corporate Governance</u> Article 3 (H) Internal Control Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf The Board assesses the performance of the Management annually and as needed.	

Recommendation 2.9

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Revised Manual of Corporate Governance Article 3 (H) Internal Control Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
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		

Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 3 (H) Internal Control Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<u>Policies on Conflict of Interest</u> https://www.medco.com.ph/docus/MHI_Conflict_of_Interest.pdf	
3. Board approves the Internal Audit Charter.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf <u>Audit Committee Charter</u> https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf	

Recommendation 2.11

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Non-Compliant</p>		<p><u>Revised Manual of Corporate Governance</u> Article 3 (H) Internal Control Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>Audit Committee Charter</u> https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf</p> <p>Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish an ERM framework at this time.</p>
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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		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish an ERM framework at this time.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant		The Provisions of the Corporate Governance Manual on the Board of Directors, its membership, its functions and roles, together with the By-Laws provisions on the Board of Directors are deemed sufficient to serve as Board Charter such that a separate Board Charter will be a duplication.
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		The Provisions of the Corporate Governance Manual on the Board of Directors, its membership, its functions and roles, together with the By-Laws provisions on the Board of Directors are deemed sufficient to serve as Board Charter such that a separate Board Charter will be a duplication.
3. Board Charter is publicly available and posted on the company's website.	Compliant		The Provisions of the Corporate Governance Manual on the Board of Directors, its membership, its functions and roles, together with the By-Laws provisions on the Board of Directors are deemed sufficient to serve as Board Charter such that a separate Board Charter will be a duplication.

Additional Recommendation to Principle 2

1. Board has a clear insider trading policy.	Compliant	<u>Policies on Business Ethics</u> https://www.medco.com.ph/docus/MHI_Business_Conduct_Ethics.pdf <u>Policies on Conflict of Interest</u> https://www.medco.com.ph/docus/MHI_Conflict_of_Interest.pdf <u>Policies on Insider Trading</u> https://www.medco.com.ph/docus/Insider_Trading_Policy.pdf	
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Optional: Principle 2

1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			

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.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 7 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
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Recommendation 3.2

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 5 Accountability and Audit: Page 14 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation.</p>	
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<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p><u>2023 Definitive Information Statement</u> Item 7 Appointment of Independent Public Accountants: Page 15-17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13. https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p><u>PSE Edge: Material Information/Transactions</u> https://edge.pse.com.ph/openDiscViewer.do?edge_no=03f82ae5327f1a8d3470cea4b051ca8f</p> <p>As of 31 December 2022, the members of the Audit Committee of the Corporation are Mr. Juan Victor S. Tanjuatco (Chairman), Mr. Rodolfo B. Fernandez (Member), and Ms. Edna D. Reyes (Member).</p>	
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<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p><u>2023 Definitive Information Statement</u> Item 7 Appointment of Independent Public Accountants: Page 15-17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p><u>2022 Annual Report</u> Item 9. Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13. https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p>	
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<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p><u>2023 Definitive Information Statement</u> Item 7 Appointment of Independent Public Accountants: Page 15-17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13. https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p>As of 31 December 2022, the Chairman of the Audit Committee is Mr. Juan Victor S. Tanjuatco. He is not the Chairman of the Board or any other Committee.</p>	
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Supplement to Recommendation 3.2

<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf K) Board Committees The Board shall constitute the proper committees to assist it in good corporate governance. i) The Audit Committee ... shall have the following functions: xxx (I) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>For 2022, the Audit Committee held its annual meeting on 28 February 2022 and 13 December 2022.</p>	

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.			
2. Audit Committee approves the appointment and removal of the internal auditor.			
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.	Compliant	<p>Revised Manual of Corporate Governance Article 3 (K) Board Committees: Page 12 – 13. https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>PSE Edge: Material Information/Transactions https://edge.pse.com.ph/openDiscViewer.do?edge_no=03f82ae5327f1a8d3470cea4b051ca8f</p>	

<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Non-Compliant</p>		<p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13. https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p><u>PSE Edge: Material Information/Transactions</u> https://edge.pse.com.ph/openDiscViewer.do?edge_no=03f82ae5327f1a8d3470cea4b051ca8f</p> <p>As of 31 December 2022, the members of the Corporate Governance Committee are Mr. Rodolfo B. Fernandez (Chairman), Mr. Dionisio E. Carpio, Jr. (Member), and Mr. Juan Victor S. Tanjuatco (Member). Mr. Fernandez and Mr. Tanjuatco are independent directors.</p> <p>The Company has determined that the presence of 2 independent directors (out of 7) is sufficient to ensure the independence of the Board, which allows it to exercise an objective and independent judgment on all corporate affairs.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>As of 31 December 2022, Mr. Rodolfo B. Fernandez, Chairman of the Corporate Governance Committee, is an Independent Director.</p>	

Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			
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		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a BROC at this time.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a BROC at this time.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a BROC at this time.

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a BROC at this time.
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a RPT Committee at this time.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a RPT Committee at this time.

Recommendation 3.6

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-Compliant		<p><u>Audit Committee Charter</u> https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf</p> <p>The Company has an Audit Committee Charter, which states in plain terms its respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p> <p>The Company is in the process of establishing a Charter for the Corporate Governance Committee.</p>
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant		The Company is in the process of establishing a Charter for the Corporate Governance Committee.
3. Committee Charters were fully disclosed on the company's website.	Compliant	The Audit Committee Charter of the Company can be found in https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf	

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	For 2022, the Board conducted the following meetings: <table><tr><th>Date of Meeting</th><th>Attendance</th></tr><tr><td>28 February 2022</td><td>100%</td></tr><tr><td>31 March 2022</td><td>100%</td></tr><tr><td>13 May 2022</td><td>100%</td></tr></table>	Date of Meeting	Attendance	28 February 2022	100%	31 March 2022	100%	13 May 2022	100%	
Date of Meeting	Attendance										
28 February 2022	100%										
31 March 2022	100%										
13 May 2022	100%										
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Revised Manual of Corporate Governance Article 3 (G) Specific Duties and Responsibilities of a Director: Page 8-9 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf									

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 3 (G) Specific Duties and Responsibilities of a Director: Page 8-9 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
<p>Recommendation 4.2</p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 3 (B) Multiple Board Seats: Page 3 –4. https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>See Item 5. Directors and Executive Officers of the Definitive Information Statement. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Both Independent Directors were already serving as directors of listed companies even prior to their appointment as Independent Directors for the Company.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Non-Compliant</p>		<p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (A) Composition of the Board: Page 3 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>Under the Manual of Corporate Governance of the Company, "the Corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2)."</p>
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		<p>As of 31 December 2022, out of the 7 directors of the Board, 2 are independent: Mr. Rodolfo B. Fernandez and Mr. Juan Victor S. Tanjuatco. This constitutes 28.57% or 2/7 of the Board.</p> <p>The Company has determined that the presence of 2 independent directors (out of 7) is sufficient to ensure the independence of the Board, which allows it to exercise an objective and independent judgment on all corporate affairs.</p>
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p><u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (N) Independent Directors: Page 14 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The independent directors shall possess the necessary qualifications and none of the disqualifications for an independent director, as provided for in the Corporation's by-laws."</p>	
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 6 Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16-17 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
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Recommendation 5.3

<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 3 (N) Independent Directors: Page 14 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The Board's independent directors shall serve for a maximum cumulative term of nine (9) years."</p> <p><u>2023 Definitive Information Statement</u> Item 5. Directors and Executive Officers: Page 8. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p><u>Certification of Independent Directors (as Annex C to the 2023 Definitive Information Statement)</u></p> <p>Both independent directors will have served the maximum term of 9 years by May 14, 2030.</p>	
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<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><u>Revised Manual of Corporate Governance</u> Article 3 (N) Independent Directors: Page 14 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director."</p>	
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3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>Revised Manual of Corporate Governance Article 3 (N) Independent Directors: Page 14 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"In the instance that the Corporation wants to retain an independent director who reached the maximum term, the Board shall provide meritorious justification/s and seek shareholders' approval during the shareholders' meeting."</p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Chairman of the Board is Mr. Bobby Cheng Sai Chong. Meanwhile, the Chief Executive Officer of the Company is Mr. Dionisio E. Carpio, Jr.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>Revised Manual of Corporate Governance Article 3 (C) The Chair and the Chief Executive Officer: Page 4 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Chairman and the CEO are not related.</p>	

Recommendation 5.5

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	As of 31 December 2022, since the Chairman, Mr. Bobby Cheng Sai Chong is not an independent director, the Board has designated Mr. Juan Victor S. Tanjuatco as its lead director.	
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Recommendation 5.6

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 3 (G) Specific Duties and Responsibilities of a Director: Page 8. https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf There were no cases of this nature in 2022.	
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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 present.	Non-Compliant		During meetings of the Audit Committee with the external auditor, heads of the internal audit, compliance and risk functions, non-executive directors are able to readily and freely ask questions on matters for discussion.
2. The meetings are chaired by the lead independent director.	Non-Compliant		During meetings of the Audit Committee with the external auditor which were chaired by Mr. Juan Victor S. Tanjuatco as lead independent director, heads of the internal audit, compliance and risk functions, non-executive directors are able to readily and freely ask questions on matters for discussion.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
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.			
Recommendation 6.1			

<p>1. Board conducts an annual self-assessment of its performance as a whole.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 7. Governance Self-Rating System: Page 17 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>2023 Definitive Information Statement</u> Compliance on the Corporate Governance: Page 21. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p>The Board conducted an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It also established an internal self-rating and evaluation system.</p> <p><u>2023 Definitive Information Statement (Annex A: Management Report)</u> Compliance on the Corporate Governance: Page 34. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	

<p>2. The Chairman conducts a self-assessment of his performance.</p>	<p>Compliant</p>	<p><u>2023 Definitive Information Statement</u> Compliance on the Corporate Governance: Page 21. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p>The Board conducted an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It also established an internal self-rating and evaluation system.</p>	
<p>3. The individual members conduct a self-assessment of their performance.</p>	<p>Compliant</p>	<p><u>2023 Definitive Information Statement</u> Compliance on the Corporate Governance: Page 21. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p>The Board conducted an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It also established an internal self-rating and evaluation system.</p>	

4. Each committee conducts a self-assessment of its performance.	Non-Compliant		The Company is in the process of reviewing the policy on the self-assessment of the performance of the Board Committees.
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		The Company is in the process of reviewing the policy on the self-assessment of the performance of the members of the Board and the Board Committees, which may also include the appointment of an external facilitator.

Recommendation 6.2

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.	Non-Compliant		<p><u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Company is in the process of establishing a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.</p>
2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant		<p>The Company is in the process of establishing a system that system allows for a feedback mechanism from the shareholders.</p>

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	<p><u>Revised Manual of Corporate Governance</u> Article 3 (G) Specific Duties and Responsibilities of a Director: Page 8 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>Policies on Business Conduct and Ethics</u> https://www.medco.com.ph/docus/MHI_Business_Conduct_Ethics.pdf</p>	
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2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Code is properly disclosed in its website.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please see below link: https://www.medco.com.ph/docus/MHI_Business_Conduct_Ethics.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Non-Compliant		The Company is in the process of establishing policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Given the small size of the Company's personnel, the Board directly monitors their compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	The Directors, Senior Management and all employees of the Company are required to comply with the Company Policies on Business Conduct and Ethics. There have been no findings of non-compliance with Company Policies on Business Conduct and Ethics.	

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

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>Compliant</p>	<p>The Company is guided by its Revised Manual of Corporate Governance and disclosure rules set forth by the Securities and Exchange Commission and the Philippine Stock Exchange.</p> <p><u>Revised Manual of Corporate Governance</u> https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>In addition to current reports and disclosures, the following are periodic reports made available to shareholders:</p> <ol style="list-style-type: none"> 1. Information Statement 2. Press Release 3. Annual Report 4. Quarterly Report 5. Public Ownership Report 6. List of Top 100 Stockholders 7. Statement of Changes in Beneficial Ownership of Securities 8. Material Information/Transactions 9. Notice of Annual Shareholder's Meeting 	
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>		<p>The Company's 2022 Audited Financial Statements were first disclosed on 29 March 2023 to the Securities and Exchange Commission and Philippine Stock Exchange, together with its Annual Report in accordance with deadlines set by the Securities and Exchange Commission and Philippine Stock Exchange.</p> <p>The Company's interim reports are published within forty-five (45) days from the end of the reporting period.</p> <p>The latest interim report of the Company, for the quarter ended 31 March 2023, was filed with the Philippine Stock Exchange on 9 May 2023.</p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Non-Compliant</p>		<p><u>2022 Annual Report</u> Item 5: Market for Issuer's Common Equity and Related Stockholder Matters: Page 4 – 5 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p>The Company is in the process of assessing the principal risks to minority shareholders associated with the identity of the company's controlling shareholders, the degree of ownership concentration and cross-holdings among company affiliates.</p>

Recommendation 8.2

<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Non-Compliant</p>		<p>The Company is in the process of establishing policies requiring all directors to disclose/report to the company any dealings in the company's shares within three (3) business days. The Company follows the requirement for filing of the PSE, which is five (5) business days of reporting or dealings of the Company's shares.</p> <p><u>Company Website: Company Disclosure</u> https://www.medco.com.ph/sec_pse_reports.html</p> <p>Actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction are reported with the Philippine Stock Exchange and the Securities and Exchange Commission through SEC Form 23-A and B (Statement of Beneficial Ownership).</p>
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<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Non-Compliant</p>		<p>The Company is in the process of establishing policies requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. The Company follows the requirement for filing of the PSE, which is five (5) business days of reporting or dealings of the Company's shares.</p> <p><u>Company Website: Company Disclosure</u> https://www.medco.com.ph/sec_pse_reports.html</p> <p>Actual dealings of officers involving the corporation's shares including their nature, number/percentage and date of transaction are reported with the Philippine Stock Exchange and the Securities and Exchange Commission through SEC Form 23-A and B (Statement of Beneficial Ownership)</p>
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Supplement to Recommendation 8.2

<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>Company Website: <u>Company Disclosure/Investor Relations</u> https://www.medco.com.ph/sec_pse_reports.html</p> <p>https://www.medco.com.ph/investor_relations.html</p> <p>Trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders are reported and filed with the Philippine Stock Exchange and the Securities and Exchange Commission through its Public Ownership Reports and List of Top 100 Stockholders.</p> <p>Company Website: <u>Business Profile</u> https://www.medco.com.ph/medco_business_profile.html</p>	
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Recommendation 8.3

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.	Compliant	<u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<u>2022 Annual Report</u> Item 9: Directors and Positions Held/Business Experience for the last 5 years: Page 12 – 13 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	

Recommendation 8.4

<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Non-Compliant</p>		<p>The Company is in the process of establishing a formal policy on Board remuneration.</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (J) Remuneration of Directors and Officers: Page 10-11 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance."</p> <p>Current practice of the Company: Executive and Non-Executive Directors are given a per diem allowance only.</p>
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<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Non-Compliant</p>		<p>The Company is in the process of establishing a formal policy on executive remuneration.</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (J) Remuneration of Directors and Officers: Page 10-11 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance."</p> <p>Current practice of the Company: Executive and Non-Executive Directors are given a per diem allowance only.</p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p><u>2022 Annual Report</u> Item 10: Executive Compensation: Page 14 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p>	

Recommendation 8.5

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p><u>Policies on Related Party Transactions</u> https://medco.com.ph/docus/MED_Material_Related_Party_Transaction_Policy_2019.pdf</p> <p><u>Policies on Conflict of Interest</u> https://www.medco.com.ph/docus/MHI_Conflict_of_Interest.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (G) Specific Duties and Responsibilities of a Director: Page 8 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>If an actual or potential conflict of interest may arise on the part of a director, senior management, or employee, they should fully and immediately disclose it and should not participate in the decision-making process.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p><u>2022 Audited Financial Statements (Annual Report)</u> Item 12. Related Party Transactions: Page 24-25. https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p>	

Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<u>Policies on Conflict of Interest</u> https://www.medco.com.ph/docus/MHI_Conflict_of_Interest.pdf <u>Policies on Business Conduct and Ethics</u> https://www.medco.com.ph/docus/MHI_Business_Conduct_Ethics.pdf	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<u>Company Website: Company Disclosure</u> https://www.medco.com.ph/sec_pse_reports.html	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant		

Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<p>The Company has no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p> <p>If there are such agreements, the same will be disclosed to the PSE.</p>	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<p><u>Revised Manual of Corporate Governance</u> https://www.medco.com.ph/docu/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	<p><u>PSE Edge: Other SEC Forms/Reports/Requirements</u> http://edge.pse.com.ph/openDiscViewer.do?edge_no=0f320424f6e7c1c63318251c9257320d#sthash.YR3ZZSrL.dpbs</p>	
3. Company's MCG is posted on its company website.	Compliant	<p>The Company's Revised Manual of Corporate Governance was submitted to the PSE and the SEC on 31 May 2017.</p>	

Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p>The Company's Revised Manual of Corporate Governance was submitted to the PSE and the SEC on 31 May 2017.</p> <p>PSE Edge: Other SEC Forms/Reports/Requirements http://edge.pse.com.ph/openDiscViewer.do?edge_no=0f320424f6e7c1c63318251c9257320d#sthash.YR3ZZSrl.dpbs</p>	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			

3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			

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

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders."</p> <p><u>Audit Committee Charter</u> https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf</p> <p><u>2023 Definitive Information Statement</u> Item 7. Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	
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<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><u>2023 Definitive Information Statement</u> Item 7. Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p>For 2022, Punongbayan & Araullo was reappointed by an affirmative vote of a majority of the common shares of the Corporation.</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>Compliant</p>	<p>There is currently no need to replace or rotate the current independent auditor.</p> <p><u>2023 Definitive Information Statement</u> Item 7. Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 5. Accountability and Audit: Page 15-16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Revised Manual of Corporate Governance Article 5. Accountability and Audit: Page 15-16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <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	Audit Committee Charter Item V. Responsibilities: Page 3 https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Audit Committee Charter Item V. Responsibilities: Page 3 https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf	

Supplement to Recommendations 9.2

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p><u>Audit Committee Charter</u> https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 5. Accountability and Audit: Page 14-16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>2023 Definitive Information Statement</u> Item 7. Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	
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<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p><u>Audit Committee Charter</u> https://www.medco.com.ph/docus/Audit_Committee_Charter.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 5. Accountability and Audit: Page 14-16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p><u>2023 Definitive Information Statement</u> Item 7. Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	
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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>	<p>Compliant</p>	<p>In 2022, the Company did not engage its external auditor to provide any non-audit service.</p> <p>See also Revised Manual of Corporate Governance. Article 3 (K) Board Committees: Page 11-12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>K) Board Committees</p> <p>i) The Audit Committee ...shall have the following functions:</p> <p>(I) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;</p>	
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<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>Same as above</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 12 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p><u>2023 Definitive Information Statement</u> Item 7. Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p>For 2022, the aggregate fees billed for the professional audit services rendered by Punongbayan & Araullo amounted to Php406,550.00. No fees for non-audit services were paid to the said audit firm.</p>	

Additional Recommendation to Principle 9

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>1. Name of the audit engagement partner: Nelson J. Dinio</p> <p>2. Accreditation number: 97048-SEC</p> <p>3. Date Accredited: 10 March 2020</p> <p>4. Expiry date of accreditation: 31 December 2023</p> <p>5. Name, address, contact number of the audit firm Punongbayan & Araullo 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City</p>	
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<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Compliant</p>	<p>1. Date it was subjected to SOAR inspection, if subjected: 5-16 September 2022</p> <p>2. Name of the Audit firm: Punongbayan & Araullo</p> <p>3. Members of the engagement team inspected by the SEC: None</p>	
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Non-Compliant</p>		<p>The Company is in the process of establishing policies on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p> <p>The Company has a Sustainability Report which is attached to its SEC Form 17-A as Annex "A". https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p>The Company also has a Corporate Social Responsibility program. Its first project is the donation in kind to Caritas Manila, Inc. via its Segunda Mana program, which is a fund-raising initiative wherein unused new or second-hand items are collected and sold in Segunda Mana stores. The proceeds are used to fund Caritas Manila's programs for the poor. The Company has initially donated three boxes worth of clothing, books, printers and other items, most of which came from the company's employees. This is a continuing project, and we will likewise seek other programs that are geared towards uplifting the less fortunate.</p>
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2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		The Company is in the process of adopting a globally recognized standard/framework in reporting sustainability and non-financial issues.
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. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to conduct media and analysts' briefings at this time.
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	Compliant	<p><u>Company Website: Financial Reports</u> https://www.medco.com.ph/financial_reports.html</p> <p><u>Company Website: Company Disclosures – SEC Form 17-Q (Quarterly Report)</u> https://www.medco.com.ph/sec_pse_reports.html</p>	

b. Materials provided in briefings to analysts and media	Compliant	The Company did not hold any media or analysts' briefings for 2022.	
c. Downloadable annual report	Compliant	https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	
d. Notice of ASM and/or SSM	Compliant	<p>Company Website: <u>Company Disclosures – Notice of Annual Stockholders' Meetings</u> https://www.medco.com.ph/sec_pse_reports.html</p> <p>On 31 March 2022, the Company posted the Notice of the Company's 2022 Annual Stockholder's Meeting in https://www.medco.com.ph/docus/MED_Notice_of_ASM_2022.pdf.</p> <p>The 2022 Annual Stockholders' Meeting was held on 13 May 2022.</p>	
e. Minutes of ASM and/or SSM	Compliant	<p>Company Website: <u>Company Disclosures – Minutes of All General or Special Stockholders' Meeting</u> https://www.medco.com.ph/sec_pse_reports.html</p>	
f. Company's Articles of Incorporation and By-Laws	Compliant	<p>Company Website: <u>Business Profile – Other Company Documents</u> https://www.medco.com.ph/medco_business_profile.html</p>	
Additional Recommendation to Principle 11			

1. Company complies with SEC-prescribed website template.	Compliant	The Company's website complies with the SEC-prescribed website template. https://www.medco.com.ph	
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Internal Control System and Risk Management Framework

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

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p><u>Revised Manual of Corporate Governance</u> Article 3 (K) Board Committees: Page 11 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>"The Board reviews the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it."</p> <p>The Company implements a Financial Audit Program.</p> <p>The Audit Committee reviews the Company's internal control systems yearly.</p>	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Non-Compliant</p>		<p><u>Revised Manual of Corporate Governance</u> Article 3 (H) Internal Control and Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish an ERM framework at this time.</p>
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Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Non-Compliant		<p>Revised Manual of Corporate Governance</p> <p>Article 3 (H) Internal Control and Responsibilities of the Board: Page 9-10</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a comprehensive enterprise-wide compliance program at this time.</p>
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			

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	<p>The Internal audit of the Company is in-house.</p> <p><u>Revised Manual of Corporate Governance</u> Article 3 (H) Internal Control and Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
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Recommendation 12.3

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>The Company's Chief Audit Executive is Ms. Pauline C. Tan, its treasurer.</p> <p><u>Amended By Laws</u> https://www.medco.com.ph/docus/MHI_Amended_By-Laws.pdf</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant	<p><u>Amended By Laws</u> https://www.medco.com.ph/docus/MHI_Amended_By-Laws.pdf</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.	Compliant	<p>The Chief Audit Executive shall be primarily responsible in case of a fully outsourced internal audit activity.</p>	

Recommendation 12.4

<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Non-Compliant</p>		<p>Revised Manual of Corporate Governance Article 3 (H) Internal Control and Responsibilities of the Board: Page 9-10 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a separate risk management function at this time.</p>
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Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a separate risk management function at this time.
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		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a risk management system at this time or appoint a Chief Risk Officer.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		Based on the relatively simple nature of its business as a holding company and the small volume and size of its transactions and the minimal degree of risks involved in its business, the Company has determined that it does not need to establish a risk management system at this time or appoint a Chief Risk Officer.

Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	2022 Annual Report https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf	

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	<u>Revised Manual of Corporate Governance</u> Article 6 Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Go v_2017.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 6 Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Go v_2017.pdf	

Supplement to Recommendation 13.1

1. Company's common share has one vote for one share.	Compliant	<p>2023 Definitive Information Statement Item 4. Voting Securities and Principal Holders Thereof: Page 6-8 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>2023 Definitive Information Statement Item 4. Voting Securities and Principal Holders Thereof: Page 6-8 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p> <p><u>Revised Manual of Corporate Governance</u> Article 6. Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	

3. Board has an effective, secure, and efficient voting system.	Compliant	<u>2023 Definitive Information Statement</u> Item 4. Voting Securities and Principal Holders Thereof: Page 6-8 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf <u>Revised Manual of Corporate Governance</u> Article 6 Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		The Company is in the process of establishing an effective shareholder voting mechanism to protect minority shareholders against actions of controlling shareholders.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<u>Amended By Laws</u> Article V Meeting of the Stockholders, Section 3: Page 4 https://www.medco.com.ph/docus/MHI_Amended_By-Laws.pdf	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<u>Revised Manual of Corporate Governance</u> Article 6 Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16 https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	<u>2023 Definitive Information Statement (Annex A)</u> Market Price and Dividends on the Corporation's Common Equity and Related Stockholder Matters: Page 35-36 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf The directors will consider dividend payments after taking into account such factors as the Corporation's cash flow, future expansion plans and prevailing bank interest rates. <u>2022 Annual Report</u> Item 5. Market for Issuer's Common Equity and Related Stockholder Matters: Page 4-5 https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf No cash dividends have been declared by the Company on its common stock for the last 10 years.	

Optional: Recommendation 13.1

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| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | | | |
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Recommendation 13.2

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| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | | | |
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Compliant

The Notice of the Meeting and Agenda together with the Definitive Information Statement are distributed to the shareholders at least 30 days prior to the meeting.

2023 Definitive Information Statement

Notice of Annual Meetings of the Stockholders: Page 3

https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf

For 2022, Notice of the Meeting (to be held on 13 May 2022) and Agenda and the Definitive Information Statement was distributed to the stockholders via publication on 21 and 22 April 2022.

For 2023, Notice of the Meeting (to be held on 12 May 2023) and Agenda and the Definitive Information Statement was distributed to the stockholders via publication on 20 and 21 April 2023.

Supplemental to Recommendation 13.2

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	2023 Definitive Information Statement Notice of Annual Meetings of the Stockholders: Page 3-4 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	2023 Definitive Information Statement Item 5. Directors and Executive Officers: Page 8-9. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf	
b. Auditors seeking appointment/re-appointment	Compliant	2023 Definitive Information Statement Item 7 Appointment of Independent Public Accountants: Page 15 – 17. https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf	
c. Proxy documents	Compliant	2023 Definitive Information Statement Item 19. Voting Procedures: Page 21-22 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf	

Optional: Recommendation 13.2

1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	2023 Definitive Information Statement Notice of Annual Meetings of the Stockholders: Page 3 https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf	
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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	<u>2022 Minutes of the Annual Stockholders' Meeting</u> https://www.medco.com.ph/docus/MED_ASM_Minutes_16May2022.pdf	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	The Minutes for the ASM held on 13 May 2022 is found in: https://www.medco.com.ph/docus/MED_ASM_Minutes_16May2022.pdf .	

Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Representatives from the Company's External Auditor were present during the 2022 ASM.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		<p><u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p> <p>The Company is in the process of establishing an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p><u>Revised Manual of Corporate Governance</u> Article 3 (F) Responsibilities, Duties and Functions of the Board: Page 6</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	

Recommendation 13.5

1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Name of Contact Person: Dionisio E. Carpio, Jr. Telephone number: 8811-0465 E-mail address: denniscarpio@medco.com.ph	
2. IRO is present at every shareholder's meeting.	Compliant	The Company's IRO is Mr. Dionisio E. Carpio, Jr., who was present during the last shareholder's meeting.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The Company has no anti-takeover measures or similar devices currently being implemented or is in place.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		The Company's current public float is 20.116%. The Company is currently exploring the possibility of increasing its public float percentage.

Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			

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

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p><u>2022 Annual Report</u> Item 5: Market for Issuer's Common Equity and Related Stockholder Matters: Page 4-5</p> <p>https://www.medco.com.ph/docus/MHI_SEC_Form17A_2022.pdf</p> <p><u>2023 Definitive Information Statement (Management Report)</u> Market Price and Dividends on the Corporation's Equity and Related Stockholder Matters: Page 35-36</p> <p>https://www.medco.com.ph/docus/MHI_Definitive_SEC_Form_20-IS_2023.pdf</p>	
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Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p><u>Revised Manual of Corporate Governance</u> Article 6 Stockholders' Rights and Protection of Minority Stockholders' Interests: Page 16-17</p> <p>https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf</p>	
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Recommendation 14.3Recommendation 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	<p>Name of contact person: Mr. Dionisio E. Carpio, Jr.</p> <p>Phone no. or email address: 8811-0465 denniscarpio@medco.com.ph</p> <p><u>Policies on Whistle Blower</u> https://www.medco.com.ph/docu/MHI_Whistle_Blower.pdf</p>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-Compliant		The Company is in the process of establishing an alternative dispute mechanism to resolve conflicts and differences with key stakeholders in a fair and expeditious manner.
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant		

Optional: Principle 14

1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

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	<u>Revised Manual of Corporate Governance</u> https://www.medco.com.ph/docus/MHI_Revised_Manual_of_Corp_Gov_2017.pdf	
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Non-Compliant		Given the small size of the Company's personnel, the Company has determined that it does not need to establish reward/compensation policy that accounts for the performance of the company beyond short-term financial measures at this time.
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<u>Policies on Employee Welfare</u> https://www.medco.com.ph/docus/MHI_Policies_on_Employee_Welfare.pdf	

3. Company has policies and practices on training and development of its employees.	Non-Compliant		Given the small size of the Company's personnel, the Company has determined that it does not need to establish policies and practices on training and development of its employees at this time.
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<u>Policies on Business Conduct and Ethics</u> https://www.medco.com.ph/docus/MHI_Business_Conduct_Ethics.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Non-Compliant		Given the small size of the Company's personnel, the Company has determined that it does not need to establish training programs for its employees at this time to embed them in the company's culture.

Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<u>Policies on Whistle Blower</u> https://www.medco.com.ph/docus/MHI_Whistle_Blower.pdf <u>Policies on Business Conduct and Ethics</u> https://www.medco.com.ph/docus/MHI_Business_Conduct_Ethics.pdf There are no findings of violation of Company policies for 2022.	

Recommendation 15.3

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Non-Compliant		<p><u>Policies on Whistle Blower</u> https://www.medco.com.ph/docus/MHI_Whistle_Blower.pdf</p> <p>The Company is in the process of establishing 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.</p>
2. Board establishes a suitable framework for whistle-blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle-blowing concerns.	Non-Compliant		<p>The Company is in the process of establishing suitable framework for whistle-blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle-blowing concerns.</p>
3. Board supervises and ensures the enforcement of the whistle-blowing framework.	Non-Compliant		<p>The Company is in the process of establishing suitable framework for whistle-blowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistle-blowing concerns.</p>

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

<p>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.</p>	<p>Compliant</p>	<p>The Company has a Corporate Social Responsibility Program. Its first project is the donation in kind to Caritas Manila, Inc. via its Segunda Mana program, which is a fund-raising initiative wherein unused new or second-hand items are collected and sold in Segunda Mana stores. The proceeds are used to fund Caritas Manila's programs for the poor. The Company has initially donated three boxes worth of clothing, books, printers and other items, most of which came from the company's employees. This is a continuing project and we will likewise seek other programs that are geared towards uplifting the less fortunate.</p>	
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Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>			
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>			

IN WITNESS WHEREOF, I have hereunto set my hand on MAY 22 2023 in
CITY OF MANILA.



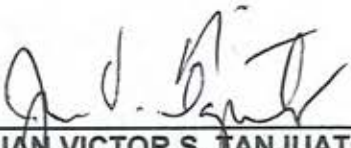
BOBBY CHENG SAI CHONG
Chairman of the Board

IN WITNESS WHEREOF, I have hereunto set my hand on MAY 22 2023 in
CITY OF MANILA.



DIONISIO E. CARPIO, JR.
President and
Chief Executive Officer

IN WITNESS WHEREOF, I have hereunto set my hand on MAY 22 2023 in
CITY OF MANILA.



JUAN VICTOR S. TANJUATCO
Independent Director

IN WITNESS WHEREOF, I have hereunto set my hand on MAY 22 2023 in
CITY OF MANILA.



RODOLFO B. FERNANDEZ
Independent Director

MAY 22 2023

IN WITNESS WHEREOF, I have hereunto set my hand on _____ in

CITY OF MANILA



PAULINE C. TAN

Compliance Officer and
Assistant Corporate Secretary

IN WITNESS WHEREOF, I have hereunto set my hand on MAY 22 2023
in CITY OF MANILA.


JONAS S. KHAW
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 22 2023 at CITY OF MANILA
affiants exhibiting to me the following:

Name	Government Issued ID No.	Date and Place of Issue
Bobby Cheng Sai Chong	Senior Citizen ID No. 15061	12 April 2010/Quezon City
Dionisio E. Carpio, Jr.	SSS No. 03-1710841-7	
Juan Victor S. Tanjuatco	PP No. P9450017B	1 April 2022/DFA NCR South
Rodolfo B. Fernandez	Senior Citizen ID No. 33664	5 March 2018/Quezon City
Pauline C. Tan	Driver's License No. N03-08-021130	Expires 9/25/2023
Jonas S. Khaw	Driver's License No. N02-98-371127	Expires 1/8/2024

Doc No. 402
Book No. 82
Page No. 4
Series of 2023.


ATTY. HENRY B. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT-097/12/31/2023 MANILA
IBP NO. 181139 / 01/03/2023
PTR NO. 0861145 / 01/03/2023
ROLL NO. 29679, TIN NO. 172-528-620
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
(15) 1411 TAYUMAN ST., STA. CRUZ, MANILA