



GETWELL HEALTH SYSTEMS, INC.

MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management, (*i.e.*, officers and staff) of **GETWELL HEALTH SYSTEMS, INC.** (the "Corporation") hereby commit to the principles and best practices contained in this Manual on Corporate Governance ("Manual") and the applicable laws and regulations deemed incorporated herein, and acknowledge that the said principles and best practices are a guide to attaining the Corporation's goals, vision and mission.

I. Objective

This Manual, including the Board Charter which is an integral part hereof (please refer to Annex "A"), institutionalizes the principles of good corporate governance in the Corporation.

The Board of Directors (the "Board") and Management, employees and shareholders, acknowledge that corporate governance is a necessary component of sound strategic business management and therefore agree to undertake every effort necessary to increase awareness of corporate governance within the Corporation.

II. Compliance System

A. Compliance Officer

1. The Board shall designate a Compliance Officer to enforce adherence to corporate governance principles and best practices. The said Officer shall hold the position of Vice President or its equivalent and shall have direct access to the Chief Executive Officer, the Board, and to the Board's Risk Management Committee. The Compliance Officer should not be a member of the Board and should annually attend a training on corporate governance.
2. The Compliance Officer shall perform the following duties:
 - a. Monitor compliance with the provisions and requirements of this Manual;
 - b. Represent the Corporation before supervising government agencies upon receipt of summons on matters concerning this Manual;
 - c. Investigate possible violation/s of the Manual and recommend the penalty for such violation to the Board for its approval;
 - d. Issue a certification when necessary, on the extent of the Corporation's compliance with this Manual for a completed year, and explaining the reason/s for any deviation therefrom;
 - e. Identify, monitor, and control compliance risks;

- f. Act as a resource person in the Review Committee for Related Party Transactions;
 - g. Ensure that the Corporation complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties;
 - h. Aid in the review of the Corporation's transactions and identify any potential related party transaction that would require review by the Board or the Related Party Transaction Committee (the "RPT Committee"); and
 - i. Ensure that the Related Party Transaction Policy (the "RPT Policy") is updated and is properly implemented throughout the Corporation.
3. The appointment of the Compliance Officer shall be immediately disclosed to the government agencies supervising the Corporation. All correspondence concerning the matters set forth in the foregoing paragraphs II(A) shall be addressed to the Compliance Officer.

B. *Board of Directors*

The Corporation's compliance with the principles of good corporate governance begins with the Board. It is the Board which has the responsibility to foster the long-term success and sustainability of the Corporation and secure its sustained competitiveness, in a manner that must be consistent with its corporate objectives, its fiduciary responsibility and the long-term best interests of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. Each Director shall be nominated and elected in accordance with the Corporation's Nomination and Election Policy.

The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the health management sector. The Board shall ensure that the Board has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the Corporation based on the evolving business environment and strategic direction.

The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on the Corporation's affairs and to substantiate proper checks and balances.

1. General Responsibility

A director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness.

2. Duties and Responsibilities of the Board

- a. Develop and implement a process of selection that ensures a mix of competent directors and officers;
- b. Determine the Corporation's purpose, its vision and mission and the strategies to carry out its objectives;

- c. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- d. Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- e. Adopt a system of internal checks and balances;
- f. Identify key risk areas as well as key performance indicators and monitor these factors with due diligence;
- g. Properly discharge Board functions by meeting regularly and all such meetings shall be minuted. Independent views aired during Board meetings shall be given due consideration;
- h. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation and By-laws, and in existing laws, rules and regulations;
- i. Accomplish the Corporation's Board Performance Evaluation on an annual basis; and
- j. Have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations, to protect the interest of policyholders, members, and other stakeholders; including:
 - i. Observing good governance and approving a policy on management of related party transactions to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged;
 - ii. To approve all material related party transactions, and any renewals or amendments thereto, including those beyond a previously determine materiality threshold or write-off material exposures to related parties, and submit the same for confirmation by a majority vote of the stockholders in the annual stockholders' meeting.
 - iii. To receive reports on breaches of internal limits for individual and aggregate exposures to a related party and for aggregate exposures to all related parties, and decide whether to accept the exposure or to take steps to address the breaches, as may be necessary, and to duly document the foregoing in the minutes of the meetings;
 - iv. To delegate to the appropriate management committee the approval of related party transactions that are below the abovementioned materiality threshold, subject to confirmation by the Board;
 - v. To establish an effective system to:

- v.1 Determine, identify and monitor related parties and related party transactions;
 - v.2 Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - v.3 Identify, measure, monitor and control risks arising from related party transactions; and.
 - v.5 Approve any changes in the policies and procedures regarding the foregoing;
- vi. To maintain adequate capital against risks associated with exposures to related parties. In this regard, material risks arising from related party transactions shall be considered in the capital planning process;
 - vii. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing;
 - viii. To ensure that senior management addresses legitimate issues on related party transactions that are raised;
 - ix. To ensure that staff who raise concerns are protected from mistreatment or reprisals; and
 - x. To constitute a RPT Committee.

3. Duties and Responsibilities of a Director

- a. Conduct fair business transactions with the Corporation and ensure that personal interests do not influence Board decisions;
- b. Devote time and attention necessary to properly discharge his duties and responsibilities;
- c. Act judiciously;
- d. Exercise independent judgment;
- e. Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Corporation's supervising government agencies, and where applicable, the requirements of other regulatory agencies;
- f. Observe confidentiality;
- g. Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment; and
- h. Be knowledgeable about the Corporation's business, its Articles of Incorporation and internal rules, including its Code of Business Conduct and Ethics, and the corporate governance principles relevant to the Corporation, through an orientation for new Directors and an annual continuing training program for continuing Directors.

C. *Board Committees*

To ensure compliance with the principles of good corporate governance, the Board shall constitute the following Committees:

1. Audit Committee.

The Audit Committee is a standing committee of the Board with the primary function of assisting the Board in the performance of its oversight role concerning:

- a. The integrity of financial statements and related information;
- b. The Corporation's compliance with financial regulatory requirements; and
- c. The adequacy and effectiveness of the internal control environment implemented and maintained by management.

The Audit Committee is composed of not less than three (3) Directors, all or a majority of whom shall be independent Directors, including a Committee Chair, and who are appointed by the Board on an annual basis following each annual meeting.

The Audit Committee as a whole shall possess the experience and expertise required to fulfill the Committee's mandate.

Each member of the Audit Committee shall be financially literate, preferably having experience in accounting or finance, or at least an adequate understanding of, or competence in, most of the Corporation's financial and risk management systems and regulatory environment.

Any member of the Audit Committee may be removed or replaced at any time by the Board and the Board shall fill vacancies in the Audit Committee.

a. *Structure and Operations*

A meeting of the Audit Committee may be called at any time by the Chairman of the Board, the Committee Chair or by two (2) members of the Committee. The Audit Committee shall meet as frequently as necessary, but not less than four (4) times a year. A quorum at any meeting of the Committee shall be a majority of its members.

The External Auditor receives notices of, and may attend all Committee meetings. The Committee shall regularly hold private sessions with the External Auditor without management present, and with the Internal Auditor without management or the External Auditor present.

On an annual basis, the Committee will review its Charter and where necessary, recommend changes to the Board for approval.

b. *Duties and Responsibilities*

The Audit Committee shall:

- b.1 Perform oversight functions for the Corporation over its internal and external auditors;
- b.2 Evaluate the appointment of an internal auditor and independent external auditors and any question of resignation or dismissal;
- b.3 Maintain the Corporation's international standards for accounting and auditing processes, practices and methodologies, and observe the following in relation to this:
 - i. Remain 100-percent compliant with International Accounting Standards; and
 - ii. Keep the accountability statement current, specifically those that identifies officers and/or personnel directly responsible for the accomplishment of such task.

The Audit Committee shall also perform the following:

a. *Financial Reporting*

- a.1 Review the Corporation's annual financial statements with management and the External Auditor, and make recommendations to the Board on the approval of the same;
- a.2 In conducting its review of the annual financial statements:
 - i. Discuss with the External Auditor any significant changes that were required in the external audit plan, any significant issues raised with management during the course of the audit or review, including any restrictions on the scope of activities or access to information, and those matters that are required to be discussed under generally accepted auditing standards;
 - ii. Receive a report from management of its review of financial statements;
 - iii. Assure itself that the External Auditor is satisfied that the accounting estimates and judgments made by management, and management's selection of accounting principles, reflect an appropriate application of generally accepted accounting principles;
 - iv. Discuss with the Actuary the parts of the financial statements prepared by that officer;
 - v. Review with management and the External Auditor the Corporation's principal accounting practices and policies; and

- vi. Consider emerging industry, regulatory and accounting standards and the possible impact on the Corporation's principal accounting practices and policies.

b. *External Audit*

- b.1 Review with the External Auditor and management the overall scope of the annual audit plan, quality control procedures and the resources that the External Auditor will devote to the audit;
- b.2 Ensure that the External Auditor maintains its independence from the Corporation;
- b.3 Set the compensation of the External Auditor in relation to the scope of its duties;
- b.4 Discuss and agree to the terms of the engagement letter issued by the External Auditor prior to the approval of the engagement. Where relevant, the engagement letter should reflect changes in circumstances relevant to the external audit;
- b.5 Review management representation letters before these are transmitted to the External Auditor to ensure that items in the letter are complete and appropriate; and
- b.6 Assess the extent of cooperation provided by Management during the conduct of the external audit.

c. *Internal Control and Audit*

- c.1 Require management to implement and maintain appropriate internal control procedures, and review, evaluate and approve procedures;
- c.2 Review management's reports on the effectiveness of the Corporation's disclosure controls and procedures and its internal control over financial reporting;
- c.3 Review and approve the annual internal audit plan and oversee its coordination with the External Auditor's audit plan; and
- c.4 Review with management and the Internal Auditor the effectiveness of the internal control procedures, including a report thereon received from the Internal Auditor that includes disclosure of any significant changes that were required in the internal audit plan and any significant issues raised with management during the course of the internal audit, including any restrictions on the scope of activities or access to information.

d. *Governance*

- d.1 Review investments and transactions that could adversely affect the well-being of the Corporation as the External Auditor or management may bring to the attention of the Audit Committee,

and meet with the External Auditor to discuss any such investments and transactions; and

d.2 Review matters within its mandate that are addressed in the regular examination and similar reports received from regulatory agencies.

e. *Other*

Perform such other duties and exercise such other powers as may, from time to time, be assigned to or vested in the Audit Committee by the Board, and such other function as may be required of an audit committee by law or regulations.

2. Risk Oversight Committee

The Risk Oversight Committee shall be composed of at least three (3) directors, at least one (1) of whom is an Independent Director, including a Committee Chair, and who are appointed by the Board on an annual basis following each annual meeting. Each member shall have at least an adequate understanding of, or competence in, most of the Corporation's risk management systems and regulatory environment.

a. *Structure and Operations*

A meeting of the Risk Oversight Committee may be called at any time by the Chairman of the Board, the Committee Chair or by two (2) members of the Committee. The Risk Oversight Committee meets as frequently as may be necessary, but not less than four (4) times a year. A quorum at any meeting of the Committee shall be a majority of its members. On an annual basis, the Committee will review its Charter and, where necessary, and recommend changes to the same to the Board for its approval.

b. *Duties and Responsibilities*

b.1 Provide oversight over senior management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This includes receiving from senior management periodic information on risk exposures and risk management activities;

b.2 At least annually, identify and review the major areas of risk in respect of the business activities of the Corporation, leveraging the Risk Identification Process and implementing policies or procedures to mitigate any material risks;

b.3 Where necessary, invite specific functional unit representatives to make presentations at the meetings in the event that any particular material risks are identified in or by such functional units;

b.4 Review and assess current business practices to identify any material exposure and ways to mitigate the risk/exposure, if any;

- b.5 Review at least annually the effectiveness of and compliance with the policies implemented for the management and control of risks pursuant to the Risk Reporting Questionnaire to ensure adherence to risk policies and the relevant operating guidelines;
- b.7 Discuss any material regulatory and compliance risks and any emerging risks;
- b.8 Review any material legal risks or emerging risks; and
- b.9 Perform such other duties and exercise such powers as may from time to time be assigned to or vested in the Committee by the Board.

3. Corporate Governance Committee

The Corporate Governance Committee shall be composed of at least three (3) members of the Board, at least two (2) of whom are Independent Directors, including the Committee Chair, and in the absence of another Independent Director, the third member shall be a non-Executive Director. The members are appointed by the Board on an annual basis following each annual meeting.

a. *Structure and Operations*

A meeting of the Corporate Governance Committee may be called at any time by the Chairman, the Committee Chair or by two (2) members of the Committee. The Corporate Governance Committee meets as frequently as necessary, but not less than once a year. A quorum at any meeting of the Committee shall be a majority of its members. On an annual basis, the Corporate Governance Committee will review its Charter and, where necessary, recommend changes to the Board for approval.

b. *Duties and Responsibilities*

- b.1 Recommend people to fill a vacancy on the Board that the Board may fill pursuant to the Corporation's By-Laws, directors to be appointed to committees of the Board, and nominees for election or re-election as directors;
- b.2 Consider potential director candidates from a list of nominees submitted to the Corporate Governance Committee;
- b.3 Consider, and if thought fit after consulting the President, approve requests from directors or committees of the Board for engagement of special advisors at the expense of the Corporation, in respect of any matter or issue for which independent advice is required. In this regard, the Corporation may retain the services of a search firm to assist in the selection of suitable candidates to fill any vacancy in the Board;
- b.4 Review and assess the following matters and make recommendations annually to the Board and/or the Corporation's shareholders on:

- i. the compensation of independent directors; and
 - ii. the compensation of key officers.
- b.5 Develop the approach of the Corporation to corporate governance matters, including:
 - i. monitoring, on a continuing basis, the effectiveness of the corporate governance process within the Corporation; and
 - ii. making recommendations to the Board on all such matters;
- b.6 Review and assess the following matters and make recommendations annually to the Board on;
 - i. the process related to meetings of the Board, including timing and frequency of meetings, content of agendas and informational requirements of the Directors;
 - ii. the mandates of the committees of the Board;
 - iii. the adequacy of Directors' and officers' liability insurance coverage;
 - iv. the process for the assessment of the contributions of individual Directors; and
 - v. the effectiveness of the Board as a whole and of each committee of the Board;
- b.7 Report to the Board and/or the shareholders as to all such matters; and
- b.8 Perform such other duties and exercise such powers as may from time to time be assigned to or vested in the Committee by the Board of Directors.

4. Related Party Transactions Committee

The Related Party Transactions (the "RPT Committee") shall be composed of at least three (3) members of the Board, at least two (2) of which are Independent Directors, including the Committee Chair, and who are appointed by the Board on an annual basis following each annual meeting. Each member shall have at least an adequate understanding of the Corporation's ownership and organizational structure, as such may be modified from time to time. In case a member has a conflict of interest in a particular related party transaction ("RPT"), he shall refrain from evaluating that particular transaction. The Compliance Officer or Internal Auditor may sit as resource persons in the RPT Committee.

a. *Definitions*

The RPT Committee shall apply the following definitions:

- a.1 "Related Parties" shall cover the Corporation's subsidiaries, affiliates, and other entities that the Corporation exerts direct/indirect control over or that exerts significant influence over the Corporation; the directors, officers; stockholders and related interests and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person/juridical entity whose interest may

pose a potential conflict with the interest of the Corporation, hence is identified as a related party.

- a.2 "Significant Influence", is the power to participate in the operating and financial policy decisions of an entity; it is not control over those policies. It may stem from share ownership, statute or agreement and may be exercised by representation on the Board of Directors, participation in the policymaking process, material inter-company transactions, interchange of management personnel and dependence on technical information.
- a.3 "Close Family Members" are persons related to the Corporation's directors, officers, and stockholders within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son-daughter-in-law, brother-/sister-in-law, grandparent-in-law, and grandchild-in-law.
- a.4 "Corresponding persons in affiliated companies" are the directors, officers, and stockholders of the affiliated companies and their close family members.
- a.5 "Control" is presumed to exist if any person directly or indirectly owns, controls or holds with the power to vote forty percent (40%) or more of the voting securities of any other person. Provided, that no person shall be deemed to control another person solely by reason of his being an officer or director of such other person. "Control" of an enterprise exists when there is:
 - i. Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
 - ii. Power to appoint or remove the majority of the members of the Board of Directors; or
 - iii. Power to cast the majority votes at meetings of the Board of Directors or equivalent governing body; or
 - iv. Any other arrangement similar to any of the above.
- a.6 RPTs are transactions or dealings with related parties of the Corporation regardless of whether or not a price is charged. These shall include, but not limited to the following:
 - i. On and off-balance sheet credit exposures and claims and write-offs;
 - ii. Investments and/or subscriptions for debt/equity issuances;
 - iii. Consulting, professional, agency and other service arrangements/contracts;
 - iv. Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
 - v. Construction arrangements/contracts;
 - vi. Lease arrangements/contracts;
 - vii. Trading and derivative transactions;
 - viii. Borrowings, commitments, fund transfers and guarantees;

- ix. Sale, purchase or supply of any goods or materials;
- x. Establishment of joint venture entities; and
- xi. RPTs shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.

b. *Structure and Operations*

A meeting of the RPT Committee may be called at any time by the Chairman of the Board, the Committee Chair or by two (2) members of the RPT Committee. The RPT Committee meets as frequently as necessary, but not less than once a year. A quorum at any meeting of the Committee shall be a majority of its members. On an annual basis, the RPT Committee will review its Charter, and where necessary, recommend changes to the Board for approval.

c. *Duties and Responsibilities*

c.1 Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships shall be reflected in the relevant reports to the board and regulators/ supervisors.

c.2 Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:

- i. The related party's relationship to the Corporation and interest in the transactions;
- ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- iii. The benefits to the Corporation of the proposed RPT;
- iv. The availability of other sources of comparable products or services; and
- v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs.
- vi. All RPTs that are considered material based on Corporation's internal policies shall be endorsed by the RPT Committee to the Board of Directors for approval.

- c.3 Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of Corporation's affiliation or transactions with other related parties.
- c.4 Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- c.5 Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- c.6 Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.
- c.7 Perform such other duties and exercise such powers as may from time to time be assigned to or vested in the Committee by the Board of Directors.

D. *Corporate Secretary*

- 1. The Corporate Secretary is an officer of the Corporation and perfection in his/her performance and no surprises are expected. Likewise, loyalty to the mission, vision and specific business objectives of the Corporation come with the duties.
- 2. The Corporate Secretary shall be a Filipino citizen.
- 3. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.
- 4. Duties and Responsibilities
 - a. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
 - b. As to the agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;
 - c. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
 - d. Attend all Board meetings and maintain records of the same;
 - e. Act as the secretary of the Board Committees; and

- f. Submit to the Supervising Government Agencies, at the end of every fiscal year, an annual certification on the attendance of the Directors during Board meetings.

E. *External Auditor*

1. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. An external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.
2. The reason/s for the resignation, dismissal or cessation from service, and the date thereof, of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.
3. The external auditor shall not at the same time be the Corporation's internal auditor. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
4. The external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

F. *Internal Auditor*

1. The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or group of internal auditors through which the Board, senior management, and stockholders shall be provided with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with.
 2. The Internal Auditor shall report to the Audit Committee.
 3. The minimum internal control mechanisms for management's operational responsibility shall center on the President, being ultimately accountable for the Corporation's organizational and procedural controls.
 4. The scope and particulars of the Corporation's system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.
4. The Internal Audit function shall conduct a period formal review of the effectiveness of the Corporation's system and internal controls governing RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee and the RPT Committee.

III. COMMUNICATION PROCESS

- A. This Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- B. All Directors, executives, department and section heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- C. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Human Resources Department, providing a minimum of at least one (1) copy of the Manual per department.

IV. TRAINING PROCESS

If necessary, funds shall be allocated by the Chief Financial Officer for the purpose of conducting an orientation program or workshop to put this Manual into operation.

V. REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATE GOVERNANCE POLICIES

- A. The reports of disclosures required under this Manual shall be prepared and submitted to the Corporation's supervising Government Agencies by the responsible Committee or officer through the Corporation's Compliance Officer.
- B. All material information shall be disclosed. Such information shall include earning results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of Directors, and changes in share ownership.
- C. All disclosed information shall be released via the approved procedure for corporate announcements.
- D. The Board shall commit at all times to fully disclose material dealings. It shall cause the filing of all required information in the interest of the stakeholders.

VI. SHAREHOLDERS' BENEFIT

- A. The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors:
- B. Investors' Rights and Protection

Rights of Investors/Minority Interests. The Board shall be committed to respect the following rights of the stockholders:

1. Voting Right
 - a. Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code and the Corporation's by-laws.
 - b. Cumulative voting shall be used in the election of Directors.

- c. A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.
2. *Pre-emptive Right.* All stockholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.
3. *Power of Inspection.* All shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings and stock registries, in accordance with the Corporation Code, and shall be furnished with annual reports, including financial statements, without cost or restrictions.
5. *Right to Information*
 - a. The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the Directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among Directors and key officers, and the aggregate compensation of Directors and officers.
 - b. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
 - c. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters which management is mandated to provide information on. If such matters are not included in the agenda of the stockholders' meeting, then the minority shareholders shall be allowed to propose to include such matters in the agenda, the same being within the definition of legitimate purposes.
6. *Dividend Policy*
 - a. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
 - b. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board, or (b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

- c. The cutoff date to determine the stockholders entitled to dividends shall be as approved by the Board.
- d. Once declared, dividends are payable within twenty-eight (28) days after all necessary regulatory approvals are secured; provided, that if such date of distribution does not fall on a business day in Manila, the dividend will be distributed on the immediately preceding day that is a business day; *provided further*, that after the distribution the Corporation shall still have sufficient retained earnings.

7. *Appraisal Right*

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, under any of the following circumstances:

- a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; or
- c. In case of merger or consolidation.

It shall be the duty of the Directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights, and allow possibilities to seek redress for violations thereof. They shall encourage the exercise of shareholders' voting rights and the resolution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

VII. ALTERNATIVE DISPUTE RESOLUTION

A. Definition of Terms

Adjudication means the process of dispute resolution where each disputing party substantiates their respective assertions with written or oral proof before an objective third party, that has the authority to bind the disputing parties to his or her decision, orders or findings.

Arbitration means the adjudication of a dispute by a mutually acceptable, neutral third party after informal proceedings.

Corporate disputes means a dispute between the Corporation and its clients, members or suppliers.

Conciliation means an informal process where an objective third party facilitates communication between disputing parties in an effort to resolve differences and settle disputes.

Mediation means the voluntary process whereby the disputing parties, with the assistance of an objective third party mediator, attempt to settle their disagreement based on mutually acceptable terms and conditions.

Mediation Agreement means the written agreement that is the culmination of Mediation.

Negotiation means a discussion between parties, with or without the intervention of an objective third party, aimed at reaching an agreement;

Workplace conflicts means disagreements among employees or officers of the Corporation.

B. Dispute Resolution Procedure

This Policy sets forth the general principles that the Corporation, its employees, officers and other key stakeholders shall abide by, when confronted with a dispute.

1. Communication

The Corporation, its officers, employees and other key stakeholders shall ensure that each party to a dispute will have available avenues for communicating their issues, concerns or grievances. The objective that must be maintained is to timely resolve such issues, concerns or grievances and minimize resort to costly and time-consuming judicial processes that will ultimately be disadvantageous to the Corporation.

2. Mandatory Contract Clause

The Corporation shall strive to include, in all agreements, contracts or other written documents it may enter into with customers, members, suppliers or third parties, provisions that require initial recourse to alternative dispute resolution in settling disputes.

3. Negotiation, Mediation, Conciliation and Arbitration

Each of the parties to a dispute shall attempt to resolve their respective grievances through constructive discussion. A failure in negotiations must not automatically result in a litigious dispute, as the assistance of an objective third party may be beneficial. An informal procedure such as mediation and conciliation may be the solution, but a severely contentious disagreement may require the formality of arbitration. Expert advice may also be availed of, to ensure that a final settlement will be fair, impartial and mutually advantageous.

C. Workplace Conflicts

The Corporation shall adopt guidelines that maintain a productive and healthy working environment that speedily addresses potential disputes at the lowest possible organizational level.

VIII. MONITORING AND ASSESSMENT

- A. Each Board Committee shall report regularly to the Board of Directors.
- B. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation of the provisions of this Manual shall subject the responsible officer or employee to the appropriate penalty provided for under this Manual.
- C. The establishment of such evaluation system, including the features thereof, shall be disclosed in such form of report that is applicable to the Corporation, as may be required by the applicable regulator. The adoption of such performance evaluation system must be covered by a Board approval.
- D. The Compliance Officer's report on compliance with this Manual shall be submitted to the Corporation's supervising Government Agencies annually and shall include, among others, the following disclosures:
 - 1. timeliness and regularity of meetings of all Board Committees;
 - 2. Directors' possession of all qualifications and none of the disqualifications required by the Code of Corporate Governance;
 - 3. Directors' attendance in required seminars on corporate governance; and
 - 4. consistency of business processes and practices with the best practices requirement of this Manual.
- E. This Manual shall be subject to annual review unless the frequency is amended by the Board.
- F. All business processes and practices being performed within any department or business unit that are not consistent with any portion of this Manual shall be revoked unless modified or upgraded to be in conformity with the Manual.

IX. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- A. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's Directors, officers, staff, subsidiaries and affiliates and their respective Directors, officers and staff, in case of violation of any of the provision of this Manual:
 - 1. Reprimand, for a first violation;
 - 2. Suspension from office, for a second violation. The duration of the suspension shall depend on the gravity of the violation; and
 - 3. The maximum penalty of removal from office, for a third violation.

- B. The commission of a third violation of this Manual by a member of the Board shall be a sufficient cause for his removal from Directorship.
- C. The Compliance Officer shall be responsible for determining violations and shall recommend to the Chairman of the Board, after notice and hearing, the proper penalty for such violation, for further review and approval of the Board.

Getwell Health Systems, Inc.