ANNUAL CORPORATE GOVERNANCE REPORT OF

The Mercantile Insurance Company, Inc.

1. **For the fiscal year ended**: 2025

2. **Certificate Authority Number:** 2025/56-R

3. **Country of Incorporation:** Philippines

4. **Address of Principal Office:** 2/F MERCANTILE INSURANCE BUILDING, GENERAL LUNA ST. CORNER BEATERIO ST., INTRAMUROS, MANILA

5. **Company's official website:** https://www.mercantile.ph/

6. **Former name, Former address and former fiscal year, if changed since last report:**

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	The Company is led by a competent working Board with relevant experience, knowledge, and expertise in the insurance industry. The members are diverse and chosen based on competence and knowledge in the industry. The composition of the Board, including the Independent Directors, as well as the qualifications and disqualifications of the Directors are set out in the Company's Corporate Governance Charter (the "***CorpGov Charter***"). (*Please see the section on Corporate Governance Structure, Board of Directors, pp. 1)*)	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and	COMPLIANT		

respond to the needs of the organization.			
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	The Board is composed of eleven (11) members, 2 are Executive Directors (President and Treasurer) the rest are Non-executive Directors, including three (3) independent directors, pursuant to the Corp Gov Charter. (Please see section on *Corporate Governance, Board of Directors, Composition of the Board of Directors, p. 2.)* The names of the current Board of Directors of the Company are on our website ("Our Company").	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	*Per the Corp Gov Manual (Please see the section on Training Process, p. 20):* *"xxx* *TRAINING PROCESS*	

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	COMPLIANT	*All key officers and members of the Board are required to attend, at least once a year, a program on corporate governance conducted by training providers that are* er the Corp Gov Manual (*Training Process, p. 20*): *"xxx* *duly accredited by the Securities and Exchange Commission and the Insurance Commission.* *A Director shall, before his assumption of office or within a period of six (6) months from the date of the election, be required to attend a seminar on corporate governance which shall be conducted by a private or government institute duly accredited by Securities and Exchange Commission and Insurance Commission.* *If necessary, funds shall be allocated by the Treasurer for the purpose of conducting an orientation program or workshop to effectively implement this Manual. It would be included in the annual budget the cost of conducting such orientation or workshop for this purpose. xxx"*	

3. Company has relevant annual continuing training for all directors.	COMPLIANT	The Board attended the Corporate Governance training on various dates. Please refer to the *List of Trainings Attended*.	
Recommendation 1.4			

1. Board has a policy on board diversity.	COMPLIANT	The members of the Board are diverse and chosen based on competence and knowledge in the industry. This is consistent with the *Corp Gov Charter*, mandating that the Board may provide additional qualifications including adequate competency and understanding of business (Please see *Qualifications of Directors, p. 5*). Supplementing the above is the duty imposed upon the Board to "*[i]nstall a process of selection to ensure a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies xxx*" (Please see *Corporate Governance Structure, Board of Directors, Duties and Functions, p. 7*.)	
Recommendation 1.5			

1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	The Board is assisted by a Corporate Secretary whose duties are laid down in the *Corp Gov Charter* (*Please see section on Corporate Secretary, p. 12*). * **Atty. Ruth Cervantes was the Company's Corporate Secretary until September 9, 2025. Atty. Rozaire G. Ombao – Bagares was elected as Corporate Secretary on the same date, replacing Atty. Cervantes.*	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	The Company's Compliance Officer, Atty. Ivy Cristal Castillo, was concurrently the Company's Compliance Lawyer.* **Atty. Ivy Cristal Castillo was the Company's Compliance Officer. She has left the Company on March 31, 2026. Please refer to the List of Officers.*	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	The Corporate Secretary is not a member of the Board of Directors. *Please refer to the List of Officers.*	

4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Both Atty. Cervantes and Atty. Ombao – Bagares attended corporate governance training. Copies of their certificates of attendance/participation are posted below. Please refer to the *List of Trainings Attended*.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The Compliance Officer assists the Board in carrying out their functions. The position is ascribed with adequate stature and authority in the Company.* *Please refer to the List of Officers*.	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT	The Compliance Officer is not a member of the Board. *Please refer to the List of Officers*	

4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	Atty. Castillo, the Compliance Officer*, attended training on corporate governance.  **Atty. Castillo resigned from the Company on March 31, 2026.*	
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	The Corp Gov Charter mandates the Board "shall conduct itself with utmost honesty and integrity in the discharge of its duties". Further, it puts a premium on the Director's fiduciary duty. It exacts from the Directors the fiduciary responsibility of fostering the long – term success of the Company (*Please see Corporate Governance Structure, Board of Directors, Duties, Functions and Responsibilities, p. 6*).	

		The Board undertakes to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board oversees the development of and approves the Company's business objectives and strategy, and monitors their implementation, in order to sustain the Company's long-term viability and strength. In particular, the Board is mandated to "*xxx establish the [Company's] vision and mission, strategic objectives, policies, and procedures that may guide and direct the activities of the company and the means to attain the same as well as the mechanism for monitoring management's performance. xxx*"(*Please see Corporate Governance Structure, Board of Directors, General Responsibility, p. 6.*)	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	COMPLIANT		
Recommendation 2.3			

1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The Board is headed by a competent and qualified Chairman. The Board is led by a competent and qualified Chairperson.* His responsibilities include, among others: a) schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the company's operations; prepare meeting agenda in consultation with the CEO ; b) prepare meeting agenda in consultation with the CEO ; c) exercise control over quality, quantity, and timeliness of the flow of information between Management and the Board Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management; and d) assist in ensuring compliance with the company's guidelines on corporate governance.	

		The Interim Chairman of the Board was Ms. Esther Tan. She was replaced with the now incumbent Chairman, Mr. Romulo I. Delos Reyes, Jr. (*Please refer to the List of Directors*).	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors,	COMPLIANT	The Board ensures and adopts an effective succession planning program for directors, key officers and management. The Board is entrusted with the responsibility to "*xxx adopt a professional*	

key officers and management.		*development program for employees and officers, and succession planning for senior management.*" ([Please see *Corporate Governance Structure, Board of Directors, Duties and Functions, p. 7.*])	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	Further, the Corp Gov Charter provides for *Succession Planning, Development and Retirement Programs* ([Please see *Succession Planning, Development and Retirement Programs, p. 20*]): *"The Board shall conduct a periodic review of the existing rules, policies, and guidelines with regard to conflict of salaries and benefits, promotions and career advancement directives and ensure compliance by personnel concerned with all statutory requirements including the retirement provisions of the Department of Labor and Employment.* *The Board shall also conduct regular review of the general criteria for the employment and promotion of Officers, Executives, and key personnel as well as any training and development plans for such Officers, Executives and key personnel which may be recommended by the Company's Human Resources Head, and keep track of the performance and development of such Officers, Executives and key personnel.* *The Board shall review potential career or development paths for highly recommended potential*	

		Officers, Executives, and key personnel of the Company, and Management's succession plan as developed or recommended by the President and CEO."	
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	COMPLIANT	The Corp Gov Charter provides for the policy on remuneration for directors, officers and employees. (*Please see section on Remuneration of the Members of the Board of Directors and Officers, pp. 8-9.*) Among others, the Charter specifies that: *"xxx* *Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run the company successfully. A proportion of executive directors' remuneration may be structured to link rewards to corporate and individual performance.*	
2. Board aligns the remuneration of key officers and board members with long-term interest of the company.	COMPLIANT		

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	*The company may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors if any, and officers. No director should be involved in deciding his or her remuneration."* Ensuring further governance on renumeration policy, the Company's Corporate Governance Committee is entrusted, among others, to: (1) recommend *xxx* remuneration packages for corporate and individual performance; and (2) establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates. (*Please see section on the Corporate Governance Committee, p. 11.*) Further, the Board prohibits a director from participating in discussions or deliberations involving his/her own remuneration. In addition, the Corp Gov Charter provides for the creation of the Compensation or Remuneration Committee which may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides	

		oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the corporation's culture, strategy, and control environment. (*Please see section on the Compensation or Remuneration Committee, p. 12.*)	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The Board has a formal and transparent board nomination and election policy, which is set out in the Corp Gov Manual. The Board has a formal and transparent board nomination and election policy. It is the Corporate Governance Committee, a Board Committee, which "[d]etermines nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies, and	

		expertise that complement the existing skills of the Board." (*Please see section on Corporate Governance Committee, p. 11*.) Likewise, the Corp Gov Charter prescribes the organization of the Nomination Committee. A Board Committee, it is tasked to review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board, and provide an assessment on the Board's effectiveness in directing the process of renewing and replacing Board members. (*Please see section on Corporate Governance Committee, p. 12*).	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	Stockholders have the right to elect, remove, and replace directors and vote on certain corporate acts per the Corporation Code. The Corporation Code mandates the use of cumulative voting in the election of directors. Although directors may be removed with or without cause, the Corporation Code prohibits removal without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds of the outstanding capital. (*Please see section on Stockholders' Rights and Protection of Minority Stockholders' Interests, Voting Right, p. 18.*).	
4. Board nomination and election policy includes how the board reviews nominated candidates.	COMPLIANT	The Board has a formal and transparent board nomination and election policy, which is set out in the Corp Gov Manual. The Board has a formal and transparent board nomination and election policy. It is the Corporate Governance Committee, a Board Committee, which "[d]etermines nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring	
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.	COMPLIANT		

		appropriate knowledge, competencies, and expertise that complement the existing skills of the Board." (*Please see section on Corporate Governance Committee, p. 11.*) Likewise, the Corp Gov Charter prescribes the organization of the Nomination Committee. A Board Committee, it is tasked to review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board, and provide an assessment on the Board's effectiveness in directing the process of renewing and replacing Board members. (*Please see section on Corporate Governance Committee, p. 12*).	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company	COMPLIANT		
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions	COMPLIANT	The Company adopts its Related-Party Transactions (RPT) enshrined in the Corp Gov Charter (*Please see section on Related Party Transactions, pp. 15 -18.*) Among others, the policy on RPT defines what RPTs are material, and the process to review and approve material RPTs. To this end, the Company has adopted its *Related Party Transaction (RPT) Policy*.	

2. RPT Policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	COMPLIANT	ERENCE: *Article V, Related-Party Transactions,* Manual, p. 15.	
3. RPT Policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive	COMPLIANT	The Board is primarily responsible for: (a) approving the selection of the members of the Management, as well as assessing their performance; and (b) assessing the performance of Management.	

Officer (CEO) and the heads of the other control functions, (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)		More specifically, the Board has the task to "xxx select and appoint the CEO and other senior officers, who must have the motivation, integrity, competence, and professionalism at a very high level xxx." (Please see *Corporate Governance Structure, Board of Directors, Duties and Functions, p. 7.*)	
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		

Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management	COMPLIANT	The Corp Gov Charter provides for the establishment of *Evaluation Systems,* which will be in charge of creating and implementing a performance evaluation system to measure the performance of the Board and top-level management. (*Please see section on Evaluation Systems, p. 19*). The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The Board has internal control responsibilities (*please see section on Internal Responsibilities of the Board, p.8.*), and is entrusted to adopt minimum internal control mechanisms including, among others: (a) defining the duties and	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	responsibilities of the CEO; (b) selecting or approving an individual with appropriate ability, integrity, and experience to fill the CEO role; (c) reviewing proposed senior management appointments; (d) ensuring the selection, appointment, and retention of qualified and competent management; and (e) reviewing the company's personnel and human resource policies and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers, and management succession plan.	
3. Board approves the Internal Audit Charter.	COMPLIANT	The Corp Gov Charter provides the policies and guidelines on the creation and operationalization of the internal audit function. These policies and guidelines serve as the Internal Audit Charter. (*Please see section on Chief Audit Executive, pp. 12-14*.)	

Recommendation 2.11			
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.	COMPLIANT	One internal control responsibility of the Board is to ensure that the organizational and procedural controls of the Company are supported by an effective management system and risk management reporting system (*Please see section on Internal Control Responsibilities of the Board, pp. 8-9*). Anchored on this responsibility is the mandate to create and organize a Board Risk Oversight Committee. Further supplementing Board risk oversight is the is the power of the Board to organize a Risk Management Committee to beef up the oversight role over risk management (*Please see section on Audit Committee, p. 10*.)	

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.	COMPLIANT	One internal control responsibility of the Board is to ensure that the organizational and procedural controls of the Company are supported by an effective management system and risk management reporting system (*Please see section on Internal Control Responsibilities of the Board, pp. 8-9*)	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and	COMPLIANT	The Board adopts the Corp Gov Charter as its Board Charter, which is available on the Company's website.	

accountabilities in carrying out its fiduciary duties.			
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
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	The Board, per the Corp Gov Charter, is responsible for constituting Board Committees in aid of good corporate governance. Among the Board Committees that are established are: (1) the Audit Committee; (b) the Corporate Governance Committee; (c) the Nomination Committee; (d) the Compensation or Remuneration Committee; (e) the Board Risk Oversight Committee; and (f) the Related Party Transactions Committee. (*Please see section on Board Committees, pp. 11 – 12*.) The Board sets up the Company's Board Committees to support the effective performance of the Board's function, 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 are contained in the publicly available Committee Charters, which are posted on the Company's website.	
Recommendation 3.2			

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	The Board has organized its Audit Committee. (*Please see section on Board Committees, Audit Committee, p. 10.*) The Committee membership is available on our website (*please see Board Committees*).	

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	The Audit Committee shall be composed of at least three (3) but not exceeding five (5) Board members, preferably with an accounting and finance background, one of whom shall be an independent director and another shall have related audit experience. (*Please see section on Board Committees, Audit Committee, p. 10.*) Audit Committee: Dir. Evelyn N. Singun (ID) Chairperson Dir. Elrey T. Ramos (ID) Member Dir. Ermie I. Delos Reyes Member	

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT Profile of Directors in the Annual Report		

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the Audit Committee is preferably an independent director. He/She should be responsible for informing the Board members of the management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility. Audit Committee: Dir. Evelyn N. Singun (ID) Chairperson (No other committee chairmanship.) Further, in assigning the Chairman, the Board ensures that the Chairman is not a Chairman of another committee.	

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	The Board has organized its Corporate Governance Committee. (*Please see section on Board Committees, Corporate Governance Committee, p. 10.*) The Committee membership is available on our website (*Please see Board Committees*).	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It should be composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman. (*Please see section on Board Committees, Corporate Governance Committee, p. 10.*) Dir. Claro F. Certeza (ID) Chairperson Dir. Romulo I. Delos Reyes, Jr. (ID) Member Dir. Leandro M. Estrera Member Dir. Evelyn N. Singun (ID) Member Dir. Joel T. Almagro (Non Executive) Member	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT		

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.	COMPLIANT	The Board is tasked to organize its Board Risk Oversight Committee, which should be composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or any other committee. At least one member of the committee must have relevant, thorough knowledge and experience in risk and risk management. (*Please see section on Board Committees, Board Risk Oversight Committee, p. 12.*)	

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	The Committee membership is available on our website (*Please see Board Committees*). Dir. Claro F. Certeza (ID) Chairperson *No other committee chairmanship. Dir. Romulo I. Delos Reyes, Jr. (ID) Member	

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLAINT	Dir. Leandro M. Estrera Member Dir. Evelyn N. Singun (ID) Member Dir. Joel T. Almagro (Non Executive) Member	

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	Dir. Romulo I. Delos Reyes, Jr. (ID) Member (President and GM of another insurance company) Dir. Leandro M. Estrera Member (Risk Management Executive for more than 30 years) Dir. Evelyn N. Singun (ID) Member (Former Division Chief of the Insurance Commission) Dir. Joel T. Almagro (Non Executive) Member (Chief Underwriting Officer for more than 2 decades)	

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.	COMPLIANT	The Board is mandated to constitute the Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three (3) non-executive directors, the majority of whom should be independent, including the Chairman. (*Please see section on Board Committees, Related Party Transactions Committee, p. 12.*). **Dir. Claro F. Certeza (ID)** Chairperson **Dir. Elrey T. Ramos (ID)** Member **Dir. Arturo B. Reyes (NED)** Member **Dir. Evelyn N. Singun (ID)** Member **Dir. Nicolas David C. Mercado (NED)** Member	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT		

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.	COMPLIANT	The Committees have their Manuals and/or Charters: • Corp Gov Committee Charter • Board Risk Oversight Committee Charter RPT Charter Audit Committee Charter Internal Audit Charter	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		

3. Committee Charters were fully disclosed on the company's website.	COMPLIANT www.mercantile.ph		
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	Every Director is required to attend and actively participate in the Board and Committee meetings, request and review meeting materials, ask questions, and request explanations. (*Please see Corporate Governance Structure, Board of Directors, Duties and Functions, Specific Duties and Responsibilities of a Director, p.8.*)	

2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT Notices of Meeting and Agenda are circulated days before the meeting.		

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT Minutes of the Meeting		
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five Insurance Commission Regulated Entities (ICREs) and 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.	COMPLIANT	Per the Corp Gov Charter, "[t]he Chief Executive Officer and other executive directors may submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised. *(Please see Corporate Governance Structure, Board of Directors, Multiple Board Seats, p.4.)*	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	The Board expects commitment from a director to devote sufficient time and attention to his/her. Hence, he/she should avoid conflict of interest, and in case of potential or actual conflict of interest, like concurrent directorships and/or officerships in another company. (*Please see Corporate Governance Structure, Board of Directors, Duties and Functions, Specific Duties and Responsibilities of a Director, p.8)*	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least twenty percent (20%) Independent Directors.	COMPLIANT	The Company has three (3) Independent Directors. Their names are listed in the General Information Sheet (GIS) posted on our website.	
Recommendation 5.2			

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	The Company has three (3) Independent Directors who possess all the qualifications and none of the disqualifications. Their names are available on the Company's website. All Independent Directors are qualified to be elected as such, as they do not possess any of the disqualifications defined in the Corp Gov Manual.	
Recommendation 5.3			

1. The independent directors serve for a cumulative term of nine years. As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organization shall be from 21 September 2016. For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.	COMPLIANT	An Independent Director shall serve for a maximum cumulative term of nine (9) years starting June 30, 2018 or at the time of nomination/appointment, whichever comes later in compliance with IC Circular Letter No. 2018-36. An Independent Director who served the maximum period shall be perpetually barred from any re-election in the company, but may continue as a non-independent director. However, if the company desires to continue the services of an Independent Director who had already served his/her maximum term limit, said Independent Director, as an exception, may still continue to act as such, provided that the Board submits to the Insurance Commission a formal written justification and must, in addition thereto, acquire the majority of the shareholders' approval during its annual meeting. (*Please see Corporate Governance Structure, Board of Directors, Term Limit of Independent Directors, p.3.*)	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT		
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT		
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	As of December 31, 2025, the Chairman of the Board is Mr. Romulo I. Delos Reyes, Jr., and the President is Mr. Leandro M. Estrera. *(Please see List of Officers.)*	

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The Corp Gov Manual defines the responsibilities of the Chairman of the Board and the Chief Executive Officer. (*Please see Corporate Governance Structure, Board of Directors, The Chairman of the Board and Chief Executive Officer, p.3. Also, please see List of Officers.*)	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	COMPLIANT	The Chairman of the Board is an independent director. REFERENCE: website : Our Company	
Recommendation 5.6			

1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	Directors with a personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted to assess the quorum and their votes shall not be counted for purposes of determining approval. (*Please see section on Material Related Party Transactions Policy, p. 16*.)	
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 to ensure that proper checks and balances are in place within the corporation.	COMPLIANT	The NEDs held separate periodic meetings with the Compliance Officer and the head of risk management.	

2. The meetings are chaired by the lead independent director.	NOT APPLICABLE		
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			
1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	The Corp Gov Charter has the following provisions setting out the parameters on the assessment of the performance of the Board and its members: 1. The Corporate Governance Committee oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance; (*Please see section on Corporate Governance Committee, p. 11*.) 2. The management may establish a performance evaluation system to measure the performance of the Board and top-level	
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT		
3. The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT		

4. The performance of each Committee is assessed annually by the Board.	COMPLIANT	management of the Company (*Please see section on Evaluation Systems, p. 19.*) 3. The Board shall also conduct regular review of the general criteria for the employment and promotion of Officers, Executives, and key personnel as well as any training and development plans for such Officers, Executives and key personnel which may be recommended by the Company's Human Resources Head, and keep track of the performance and development of such Officers, Executives and key personnel. (*Please see section on Succession Planning, Development and Retirement Programs, p.20.*) Corp	
5. Every three years, the assessments are supported by an external facilitator.	NOT APPLICABLE	The Board has not found the necessity to engage an external facilitator for its internal assessment yet.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the	COMPLIANT	The Board shall also conduct regular review of the general criteria for the employment and promotion of Officers, Executives, and key personnel as well as any training and development plans for such Officers, Executives and key personnel which may be recommended	

Board, individual directors and committees.		by the Company's Human Resources Head, and keep track of the performance and development of such Officers, Executives and key personnel. (*Please see section on Succession Planning, Development and Retirement Programs, p.20*.)	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	Per the Corp Gov Charter, the Board should provide the shareholders with a balanced and understandable assessment of the corporation's performance, position, and prospects on a quarterly basis. It should be primarily responsible in making financial reporting and internal control in accordance with the following guidelines, among others: (1) present a balanced and understandable assessment of the company's position and prospects; (2) explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities; (3) report that the business is a going concern, with supporting assumptions or qualifications, if	

		necessary. (*Please see section on Accountability and Audit, pp. 12 – 13.*) When so presenting pursuant to the above, shareholders are allowed to give their feedback, more specifically on the reports presented.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	The Board adopts its General Policy as its Code of Business Conduct and Ethics, which is readily available online for the Board, senior management, employees, and the public. REFERENCE: General Policy	

2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Board adopts its General Policy as its Code of Business Conduct and Ethics which is readily available online for the Board, senior management, employees, and the public. REFERENCE: General Policy	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT		
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	The Board is mandated to ensure that the corporation complies with all relevant laws, regulations, and codes of best business practices. (*Please see Corp Gov Charter, Corporate Governance Structure, Board of Directors, Duties and Functions. p.7.*)	

2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	The Board commits at all times to full disclosure of material information dealings. It shall cause the filing of all required information for the interest of the stakeholders. (*Please refer to the section on Disclosure and Transparency, p. 21.*)	

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	The Board commits at all times to full disclosure of material information dealings. It shall cause the filing of all required information for the interest of the stakeholders. (*Please refer to the section on Disclosure and Transparency, p. 21.*) More specifically, each Director is mandated that, in case of potential or actual conflict of interest, he/she should disclose the same and not participate in any decision-making related to the said interest. (*Please see section on Specific Duties and Responsibilities of a Director, p. 8.*)	
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		

Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	COMPLIANT	The Corp Gov Charter provides for the policy on remuneration for directors, officers, and employees. (*Please see section on Remuneration of the Members of the Board of Directors and Officers, pp. 8-9.*) Among others, the Charter specifies that: *"xxx* *Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run the company successfully. A proportion of executive directors' remuneration may be structured to link rewards to corporate and individual performance.* *The company may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration*	
2. Company provides a clear disclosure of its policies and procedure for setting executive	COMPLIANT		

remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.		*packages of individual directors if any, and officers. No director should be involved in deciding his or her remuneration."* Ensuring further governance on renumeration policy, the Company's Corporate Governance Committee is entrusted, among others, to: (1) recommend *xxx* remuneration packages for corporate and individual performance; and (2) establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates. (*Please see section on the Corporate Governance Committee, p. 11.*) Further, the Board prohibits a director from participating in discussions or deliberations involving his/her own remuneration. In addition, the Corp Gov Charter provides for the creation of the Compensation or Remuneration Committee which may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the corporation's culture, strategy, and control	

		environment. (*Please see section on the Compensation or Remuneration Committee, p. 12.*)	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	Remuneration of directors is included in the Annual Report.	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	The Corp Gov Manual, which sets out the Company's Related Party Transactions Policy, is published on the Company's website. The RPT transactions for 2025 are in the *Company's audited financial statements,* which are likewise published on the Company's website.	

2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	The RPTs are duly identified in the Audited Financial Statements and Annual Report.	

Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The *Corp Gov Charter*, which the Company's Corporate Governance Manual, is available on the Company's website.	
2. Company's MCG is posted on its company website.	COMPLIANT		
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	The Corp Gov Charter provides for the selection, appointment, reappointment, and removal of external auditors. Quoted below is the section on The *Selection/Appointment, Resignation, Dismissal or Cessation of Service of an External Auditor* (*Please see pp. 14-15 of the Corp Gov Charter*): *The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which financial statements shall have been prepared and presented. Such external auditor cannot at the same time provide the services of an internal auditor to the same client. Other non-audit work should not be in conflict with the functions of the external auditor.* *The external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.* *The reason/s for the resignation of an external auditor, dismissal or cessation from service, and the date thereof, shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope.*	
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.	COMPLIANT		

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.	NOT APPLICABLE		
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: 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	COMPLIANT	The Manual for Audit and Risk Management Committee serves as the Committee Charter which includes the responsibilities of the Audit and Risk Management Committee. REFERENCE: Manual-for-Audit-and-Risk-Management-Committee-2023.pdf	

iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.			

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	The Committee has the authority to review the scope of work of auditors after considering their own assessment based on internal controls. REFERENCE: Manual for Audit and Risk Management Committee, V. AUTHORITY, (b)	
Recommendation 9.3			
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.	COMPLIANT	The external auditor is not engaged to perform any non-audit services.	

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.	COMPLIANT		
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	The 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. (*Please see section on Non-Financial and Sustainable Reporting, p. 18*.)	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT		
3. Company recognizes the need for financial resilience towards natural disasters to hasten the recovery of communities after a devastating loss and has participated in the Philippine	COMPLIANT	The Company has participated in PCIF for the past year, with Mr. Leandro Estrera (President) as company representative.	

Catastrophe Insurance Facility (PCIF).			
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT	The Company has a website which contains relevant Company information for the reference of the public. REFERENCE: https://www.mercantile.ph/	
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	The Board is principally responsible in ensuring that there is an adequate and effective internal control system in place for the conduct of its business. The Company's *control environment* is composed of: 1. the Board which ensures that the company is appropriately and effectively managed and controlled, 2. a management that actively manages and operates the company in a sound and prudent manner, 3. the organizational and procedural controls supported by an effective management information system and risk management reporting system, and 4. the independent audit mechanisms to monitor the adequacy and effectiveness of the organization's governance, operations, and information systems, including reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts. (*Please see section on Internal Control Responsibilities of the Board, pp. 8-9*.)	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT		
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	Per the Corp Gov Charter, "[t]he may have in place an independent audit function, through which the company's Board, senior management, and stockholders may be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Board may appoint a chief audit executive to carry out the audit function and require the chief audit executive to report to a level within the organization that allows the internal audit activity to fulfill its responsibilities." (*Please see section on Internal Control Responsibilities of the Board, p. 9*)	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	The Corp Gov Charter mandates the appointment by the Board of the Company's Chief Audit Executive (CAE). The CAE is tasked to oversee the internal audit activity of the Company, including the portion that is outsourced to a third-party service provider.	

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	(*Please see section on Chief Audit Executive [CAE], pp. 12-13*.)e	
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	Internal Audit Activity is in-house.	

Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The Company's Audit Committee and Board Risk Oversight Committee oversee senior management's activities in managing risks. This function includes receiving senior management's periodic information on risk exposures and risk management activities. (*Please see section on Board Committees, Audit Committee, p. 9*.)	
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).	COMPLIANT	The Company's Chief Risk Officer in 2025 was Mr. Edwin Salvan, who heads the ERM functions. *(Please refer to the List of Committees.)*	

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT		
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	The Corp Gov Charter, a copy of which is posted on our website, enumerates the Shareholders' Rights. (*Please refer to the section on Stockholders' Rights and Protection of Minority Shareholders' Interest, p. 18.*)	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT		
Recommendation 13.2			

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	COMPLIANT	Notices of the Annual and Special Shareholders' meetings were timely sent to the shareholders. Please refer to the *Notice of the Annual Shareholders' Meeting* and the *Notice of the Special Shareholders' Meeting*.	
Recommendation 13.3			
1. The 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	The *Minutes of the Annual Stockholders' Meeting* may be accessed through the Company's website. An opportunity was given to ask questions, but none were raised.	

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 of the *Annual Stockholders' Meeting* may be accessed through the Company's website.	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate dispute in an amicable and effective manner.	COMPLIANT	To resolve intra-corporate disputes between the company and any of the stockholders or between stockholders, the company may resort to alternative modes of dispute resolution which may be agreed upon by the parties concerned	

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	and the adverse party, including but not limited to arbitration, conciliation, mediation, or other modes, whether face-to-face or through video-conferencing, wherein all the parties involved are afforded an equal opportunity to hear and be heard. All the cardinal basic rights in the administrative proceedings must be properly observed. All proceedings must be duly recorded with the utmost confidentiality. (*Please see section on Alternative Dispute Resolution Mechanism, p.19.*) The Board shall have an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. In line with this, the Company adopts and complies with the alternative modes of dispute resolution provided in Republic Act (RA) No. 9285 (Alternative Dispute Resolution Act of 2004).	

Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	The Corp Gov Charter defines a "Stakeholder" as any individual, organization, or society at large who can either affect and/or be affected by the Company's strategies, policies, business decisions, and operations in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.	

Recommendation 14.2			

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	The various policies of the Company are intended to provide a mechanism for fair treatment and protection of stakeholders. These policies include, among others, the Related Party Transactions Policy (*please see section on Related Party Transactions; and the Related Party Transactions Policy*) and the whistleblowing mechanisms (*please see section on Whistleblowing Mechanisms, p. 17*).	
Recommendation 14.3			

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	Through the official email address of the Company, stakeholders can communicate with the Company to obtain redress for the violation of their rights. Please refer to the General Policy posted on our website.	

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	The Board recognizes that the Company's employees are its most valuable resources through its General Policy on Employee Welfare. REFERENCE: General Policy, Employee Welfare	
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	The Board has an Anti-Corruption Policy in place which is available on the Company's website for the employees of the organization and the public. REFERENCE: General Policy, Anti-Corruption Programs	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT		

Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	Irregularities may be reported by e-mail pursuant to the Company's Whistleblower Policy. The Policy guarantees confidentiality and employee protection from retaliation. Whistleblowers may report their findings to gen_info@mici.com.ph and/or directly through a letter addressed to the President, Head of Human Resources, or any of the appropriate Heads of the Unit concerned. REFERENCE: General Policy, Whistleblower Policy	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT		

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	The Company, through its Corporate Social Responsibility Policy, recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship to grow its business, while contributing to the advancement of society. REFERENCE: Corporate Social Responsibility	