



Your Healthcare Specialist

**GUIMARAS SPECIALIST MEDICAL CENTER, INC.**

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# **MANUAL ON CORPORATE GOVERNANCE**

Your Healthcare Specialist

## TABLE OF CONTENTS

### **I. DEFINITIONS, FRAMEWORK OF GOVERNANCE AND ORGANIZATIONAL COMMITMENT TO GOOD GOVERNANCE**

A. Definition of Terms	1
B. Framework of Governance	3
C. Organizational Commitment to Good Governance	4
D. Vision Statement	4
E. Mission Statement	4
F. Core Values	4

### **II. GOVERNANCE STRUCTURE**

#### **A. Board of Directors**

Mandate	6
Size and Composition	6
Diversity	7
Independence	7
Nomination of Directors	8
Nomination Process	8
Criteria for Nomination	10
Qualification of Directors	10
Disqualification of a Director Permanent Disqualification	11
Temporary Disqualification	11
Qualifications of Independent Directors Disqualification of Independent Directors	13
Election of Directors	13
Election of Independent Directors	14
Powers of the Board	15
Responsibilities of the Board of Directors	16
Leadership	18
Board Governance	18
Board Charter	18
Orientation and Continuing Education	19
Performance Evaluation	19
Access to Information	19

#### **B. Directors**

Fiduciary Duties of Directors	20
Policies on Directorship	20
Policy on Multiple Board Seats	20
Disclosure of Other Directorships	21
Interlocking Directorships	21
Term Limits of Independent Directors	21
Remuneration Policy for Directors & Officers	21
Succession Planning & Retirement Policy	21

#### **C. Board Committees**

Audit Committee	22
-----------------	----

Corporate Governance Committee	22
Remuneration and Compensation Committee	23
Nominations and Election Committee	23
<b>III. MANAGEMENT</b>	<b>23</b>
A. General Responsibilities of Management	
B. Duties and Responsibilities of the Executive Officers of the Corporation	25
President/Chief Executive Officer	25
Treasurer	26
Chief Finance Officer	27
Corporate Secretary	27
Compliance Officer	28
<b>IV. GOVERNANCE POLICY ON CONFLICT OF INTEREST</b>	<b>30</b>
A. Code of Business Conduct & Ethics	30
B. Related Policies under the Code of Business Conduct and Ethics	30
<b>V. COMPLIANCE AND INTERNAL CONTROL</b>	<b>32</b>
A. Compliance Officer	33
B. Internal Audit	33
C. External Audit	34
<b>VI. DISCLOSURE AND TRANSPARENCY</b>	<b>35</b>
<b>VII. COMMUNICATION AND INFORMATION</b>	<b>36</b>
A. Management's Responsibility for Information	36
B. The Investors Relations Function	36
C. Sustainability Reporting	37
D. Website	37
E. Publication of the Manual on Corporate Governance	38
<b>VIII. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS</b>	<b>38</b>
A. Shareholder's Rights	38
Basic Rights of the Stakeholders	38
Voting Right	38
Pre-emptive Right	38
Right to Inspection	38
Right to Dividends	39
Appraisal Right	39
B. Duties to Stakeholders	40
<b>IX. PENALTIES FOR NON-COMPLIANCE WITH THIS MANUAL</b>	<b>41</b>
<b>X. REVIEW AND AMENDMENT OF MANUAL</b>	<b>41</b>
<b>XI. ADOPTION AND EFFECTIVITY</b>	<b>42</b>

## ARTICLE I

### DEFINITION AND FRAMEWORK OF GOVERNANCE AND ORGNAIZATIONAL COMMITMENT TO GOOD GOVERNANCE

#### A. DEFINITION OF TERMS

- I. **Corporate Governance** - the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior - reconciling long term customer satisfaction with shareholder value - to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, thereby creating sustainable value for its shareholders, stakeholders and the nation.

- II. **Enterprise Risk Management** - a process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- III. **Board of Directors** - the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
- IV. **Director** - a person named as such in the Articles of Incorporation, or duly elected in subsequent meetings of the stockholders or those elected to fill vacancies in the Board of Directors.
- V. **Management** – a group executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
- VI. **Independent Director** – a person who is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonable be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as a director.
- VII. **Internal Control** - a process designed and effected by the entity's Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management of corporate information; and compliance with applicable laws, regulations and the organization's policies and procedures.
- VIII. **Executive Director** - a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- IX. **Non-Executive Director** - a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
- X. **Non-Proprietary Right** - an interest, participation or privilege over a specific property of a corporation that allows the holder to use such property under certain terms and conditions. The holder, however, shall not be entitled to dividends from the corporation or to its assets upon its liquidation.

- XI. **Proprietary Right** - an interest, participation or privilege in a corporation which gives the holder the right to use the facilities and to receive dividends or earnings from the corporation. Upon the liquidation of the corporation, the holder shall have proportionate ownership rights over its assets.
- XII. **Public Company** - A company with assets of at least Fifty million pesos (Php50,000,000.00) and having two hundred (200) or more stockholders holding at least one hundred (100) shares each of equity securities.
- XIII. **Registered Issuer** - A company that: (1) issues proprietary and/or nonproprietary shares/certificates; (2) sells equity securities to the public that are not listed in the Exchange; or (3) sells debt securities to the public that are required to be registered to the SEC, whether or not listed in an Exchange.
- Guimaras Specialist Medical Center, Inc.** is a registered issuer.
- XIV. **Conglomerate** – a group of corporations that has diversified business activities in varied industries, whereby the operation of such businesses is controlled and managed by a parent corporate entity.
- XV. **Internal Control** – a process designed and effected by the board of directors, senior management and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations and the organization’s policies and procedures.
- XVI. **Enterprise Risk Management** - a process, effected by an entity’s Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- XVII. **Related Parties** - covers the company’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control or significant influence over the company. It also covers the company’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
- XVIII. **Related Party Transactions** - a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- XIX. **Stakeholders** - 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.
- XX. **Significant Influence** - The power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

## **B. FRAMEWORK OF GOVERNANCE**

The governing rules for Corporate Governance are not drawn from any single document. The Revised Corporation Code of the Philippines lays down the basic legal framework for corporate governance of every Philippine corporation. It is supplemented by the Securities Regulation Code (Republic Act No. 8799), and the implementing rules and regulations, and the Code of Corporate Governance for public companies and registered issuers (SEC Memorandum Circular No. 24 series of 2019) issued by the Securities and Exchange Commission (SEC). When the context allows and when appropriate, a term used

herein shall have the meaning given to such term in the relevant and applicable laws and implementing rules and regulations.

The structure for corporate governance of Guimaras Specialist Medical Center, Inc. (GSMCI) is principally contained in the Corporation’s Articles of Incorporation and By-Laws and their amendments. These

constitutive documents lay down, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of the Corporation. The function of this Manual on Corporate Governance is to supplement and complement the Corporation's Articles and By-Laws by setting forth principles of good and transparent governance.

### **C. ORGANIZATIONAL COMMITMENT TO GOOD GOVERNANCE**

The Board of Directors, Management, Officers and employees of Guimaras Specialist Medical Center, Inc. - Guimaras commit themselves to the principles and best practices of governance contained in this Manual as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Vision and Mission Statements and core values of Guimaras Specialist Medical Center, Inc. made an integral part of this Manual.

#### **1. VISION**

To be the most trusted and highest quality healthcare provider in the island of Guimaras and nearby provinces through affordable state-of-the-art equipment, quality accommodation and competent personnel.

#### **2. MISSION**

To provide affordable, quality healthcare and accommodation to the people of Guimaras and nearby provinces.

#### **3. CORE VALUES**

Goal-oriented  
Service of excellence  
Medically-capacitated  
Compassionate  
Integrity

#### **4. OUR GOALS**

- To provide the highest quality affordable medical care at the hospital and its community with utmost compassion and integrity.
- To provide and actively participate in the continuing medical education of the physicians and its medical staff.
- To provide and recommend ways to upgrade hospital services and facilities.
- To provide harmonious and dynamic personal relationships among medical and hospital staff.

### **A. BOARD OF DIRECTORS**

#### **1. MANDATE**

The Board of Directors is the supreme authority in matters of governance and in managing the regular and ordinary business of the Corporation. Within their authority under the Corporation Code and other

applicable laws and the By-laws of the Corporation, the directors acting as a Board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.

## **2. SIZE AND COMPOSITION**

### **i. SIZE**

Pursuant to Section 10 of the Revised Corporation Code of the Philippines and the company by-laws, the Guimaras Specialist Medical Center, Inc. Board of Directors shall have fifteen (15) members who shall be elected individually by the Corporation's stockholders entitled to vote at the annual meeting and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.

### **ii. COMPOSITION**

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the operation of hospitals. The Board shall always ensure that it 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 organization based on the evolving business environment and strategic direction. The Board shall ensure that each of these directors can add value and independent judgment in the formulation of sound corporate strategies and policies.'

In line with the best practice in corporate governance it is the Corporation's goal to have at least three (3) Independent Non-executive Director to be included as a member of the Board. The Independent Directors shall be identified in the Annual report.

## **3. DIVERSITY**

Guimaras Specialist Medical Center, Inc. recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth as reflected in its Policy on Board Diversity hereto attached as Annex A.

Guimaras Specialist Medical Center, Inc. does not have a target quota with respect to gender parity to uphold meritocracy and maintain balance in the composition of the Board in a manner that reflects the operating requirements of the hospital, current resource levels for director aptitude and long-term interests of shareholders.

## **4. INDEPENDENCE**

i. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.

ii. The Board may have at least three (3) independent directors, or such number as to constitute at least one third of the members of the Board, whichever is higher.

iii. The Board's independent directors shall serve for a maximum cumulative term of nine years, after which, the independent director shall be perpetually barred from re-election as such in the same company but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall

provide meritorious justification/s and seek shareholder's approval during the annual shareholder's meeting.

iv. The positions of Chairman of the Board and Chief Executive Officer or its equivalent position shall be held by separate individuals and each shall have clearly defined responsibilities.

v. The board shall designate a lead director among the independent directors if the chairman of the board is not independent, including if the positions of the chairman of the board and chief executive officer or its equivalent are held by one person.

vi. A director with a material or potential interest in any transaction affecting the corporation shall fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction.

vii. The non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings shall be chaired by the lead independent director.

## **5. NOMINATION OF DIRECTORS**

### **a. NOMINATION PROCESS**

The Nominations and Election Committee (the "Committee") shall oversee the process for nomination which shall apply to nomination for both regular and independent directors and observe the following process:

i. All shareholders, regardless of their shareholdings, shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.

ii. The nomination shall be in writing duly signed by the nominating stockholder or representative duly authorized in writing, with the written acceptance and conformity of the nominee. The nomination must indicate whether the nominee is intended to be an independent director and shall contain the nominee's age, educational attainment, and full disclosure of work and/or business experience and/or affiliations.

iii. The prescribed Nomination Form may be used for convenience. In addition to the Nomination Form, the Nominees for Independent Directors shall also submit a Certificate of Qualification a format of which shall be provided by Guimaras Specialist Medical Center, Inc.

iv. If there are not enough nominees for directors and/or independent directors, the nominations committee, may by majority vote nominate such number of nominees for the said position/s and include them in the final list to be submitted to the Board for approval meetings and board calendar;

ii. Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders as well as other official records of the corporation;

iii. Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the chairperson on all relevant issues as they arise;



- iv. Works fairly and objectively with the Board, Management and shareholders and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders as well as other stakeholders;
- v. Advises on the establishment of board committees and their terms of reference;
- vi. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- vii. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- viii. Performs all required administrative functions;
  - ix. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
  - x. Performs such other duties and responsibilities as may be provided by the Board and the Commission.

## **6. Compliance Officer**

The Board shall be assisted in its duties by a Compliance Officer, who shall have a rank of Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

The Compliance Officer is a member of the company's Management team in charge of the compliance function. Similar to the Corporate Secretary, he is primarily liable to the corporation and its shareholders, and not to the Chairperson or President of the company.

He has, among others, the following duties and responsibilities:

- i. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- ii. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- iii. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- iv. Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;
- v. Appears before the SEC when summoned in relation to compliance with this Code and other relevant rules and regulations;

- vi. Collaborates with other departments within the company to properly address compliance issues, which may be subject to investigation;
- vii. Identifies possible areas of compliance issues and works towards the resolution of the same;
- viii. Ensures the attendance of board members and key officers to relevant trainings; and
- ix. Performs such other duties and responsibilities as may be provided by the Board and SEC.

**ARTICLE IV  
GOVERNANCE POLICY ON CONFLICT OF INTEREST**

**A. CODE OF BUSINESS CONDUCT & ETHICS**

1. The Company has a Code of Business Conduct and Ethics, a separate policy document which sets the standard for directors, officers and employees of Guimaras Specialist Medical Center, Inc. that guides them in arriving at the right decisions in the performance of their roles and responsibilities across various functions in the company and in handling relationships with all stakeholders.
2. The Code of Business Conduct and Ethics shall contain an anti-corruption policy and a whistleblower policy. 38
3. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics by ensuring that internal controls are in place to ensure each Board Member's compliance. "

**B. RELATED POLICIES UNDER THE CODE OF BUSINESS CONDUCT AND ETHICS**

Directors, officers and employees shall always advance the interest of the Corporation over their personal interests. They are required to be loyal to the organization so much so that they may not directly or indirectly take undue advantage of their position in the Corporation. They must promote the common interest of all shareholders and other stakeholders, and the Corporation without regard to their own personal interests.

A conflict of interest exists when a Director, officer or employee of the Corporation-

1. Supplies or is attempting or applying to supply goods or services to the Corporation.
2. Supplies or is attempting to supply goods, services or information to an entity in competition with the corporation.
3. Acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation;
4. Accepts gifts or invitations of any form from the supplier, customer or business partner of the Corporation, or from any third person or entity with existing or intended business dealings with Corporation, except when the gift or invitation is directly attributable to purely familial or personal relationships, only of nominal value, a simple promotional item or is part of the supplier's public relations program or part of business meetings or discussions;

5. Engages in a business or activity which competes with or works contrary to the best interests of the Corporation.

6. Uses material company information of which they may have knowledge and/or access by reason of their office in, or employment with, the Corporation to their personal advantage or the advantage of any third party to the prejudice of the Corporation;

If an actual or potential conflict of interest should arise on the part of Directors, the concerned Director shall not participate in the discussion of, and vote on, the matter where he is in conflict of interest. A Director who has a continuing conflict of interest of material nature should either resign or, if the Board deems appropriate, be removed from the Board.

A contract of the Corporation with one or more of its Directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:

1. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
2. The vote of such Director was not necessary for the approval of the contract;
3. The contract is fair and reasonable under the circumstances;
4. In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the Director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the Director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the Director risked his own funds in the venture.

Directors, officers and employees who have personal or pecuniary interest on any enterprise with which the Guimaras Specialist Medical Center, Inc. has an existing or intended transaction shall fully disclose the relevant facts of the situation to the Chairman of the Board in the case of the Directors, President and CEO, to the President in case of the Managing Directors, and to the Compliance Officer in the case of employees. All disclosures shall be submitted to the Human Resource Head. Any information disclosed under this rule shall be treated confidential except to the extent necessary to evaluate the situation and pre-empt the conflict of interest. The disclosure requirement provided above shall apply to transactions between the Guimaras Specialist Medical Center, Inc. and any enterprise owned by, or in which there is pecuniary interest in the part of, any family or close personal relations of the Directors, officers and employees;

When the gift does not fall under any of the conditions set above, the Director, officer or employee concerned are encouraged to turn over the gift to appropriate committee for inclusion in the Corporation's Christmas party raffle;

Directors, officers and employees must immediately report any offer or gift of any value given to them or their immediate family with a view to get favors or to influence business recommendations, proposals or decisions affecting the Corporation or any of its related companies. The report shall be made to the Chairman of the Board in the case of the Directors, President and CEO, to the President in case of the Managing Directors, and to the Compliance Officer in the case of employees. All disclosures shall be submitted to the Human Resource Head;

The foregoing is without prejudice to the Corporation's existing Code of Conduct and Ethics for Directors, officers and employees.

## **ARTICLE V**

### **COMPLIANCE SYSTEM AND INTERNAL CONTROL**

Guimaras Specialist Medical Center, Inc. shall have an adequate and effective internal control system and an Enterprise Risk Management framework in the conduct of its business, taking into account its size, risk profile, nature and complexity of operations.

#### **A. COMPLIANCE OFFICER**

The Compliance Officer oversees the implementation of the Company's compliance programs. The programs take into account the relevant rules and regulations that affect its operation, and the business risks that may arise due to non-compliance. By using regulatory and self-assessment compliance matrices, compliance measures are formulated to mitigate identified business risks and tested to ensure effectiveness.

#### **B. INTERNAL AUDIT**

The Company shall have 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.

The Internal Audit Group shall provide independent and objective assurance and advisory services to the Corporation designed to add value and improve on the organization's operations. It shall provide the Board, Management, the stockholders and other stakeholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with.

It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account 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.

The Internal Audit Group performs its auditing functions faithfully by maintaining independence from the management and controlling shareholders.

The Internal Audit Group shall be headed by a Chief Audit Executive. The Chief Audit Executive shall preferably be a Certified Public Accountant and/or a Chief Internal Auditor and shall report to the Audit Committee of the Board of Directors.

The Internal Audit Group governs its work in adherence to The Institute of Internal Auditors' "Code of Ethics" and the Corporation's Code of Conduct and Ethics. The Internal Audit also conducts its activities in accordance with the International Standards for the Professional Practice of Internal Auditors and guided by the COSO framework of internal control. Otherwise, the Chief Audit Executive shall disclose to the Board and Management that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.

The Internal Audit Group has the following specific duties and responsibilities:

- i. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting of the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- ii. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- iii. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- iv. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- v. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- vi. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- vii. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- viii. Monitors and evaluates governance processes.

### **C. External Audit**

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 the financial statements shall have been prepared and presented.

I. The External Auditor shall-

- i. performs fair audits independently from the Corporation, its management and controlling shareholders, so that shareholders and other users may maintain confidence in the Corporation's accounting information;

II. Check whether any fact conflicts with the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;

III. Attend the annual stockholders meeting and answer any questions on audit reports and on themselves, their work and their remuneration;

IV. Perform such other functions as may be approved by the Board or the Audit Committee in its engagement of the auditor, provided, however, that non-audit work shall not be in conflict with the functions of the auditor as external auditor.

2. The External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed.

3. 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 of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.

4. If an external auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are incorrect or incomplete, he shall discuss his views with Management and Audit Committee and present his views in said reports.

5. Should the External Auditor render any non-audit service to Guimaras Specialist Medical Center, Inc., the nature of such shall be disclosed in the Annual Report in the interest of managing conflict of interest. "

## **ARTICLE VI DISCLOSURE AND TRANSPARENCY**

As declared in its Code of Business Conduct and Ethics, Guimaras Specialist Medical Center, Inc. adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company to give a fair and complete picture of the Company's financial condition, results and business operations.

All directors and officers of Guimaras Specialist Medical Center, Inc. shall be disclose/report to the company any of its dealings in the company's shares within five (5) business days from such dealings.

This manual shall contain Guimaras Specialist Medical Center, Inc. corporate governance policies, programs and procedures which shall be submitted to the SEC and published in the company website.

## **ARTICLE VII COMMUNICATION AND INFORMATION**

### **A. MANAGEMENT'S RESPONSIBILITY FOR INFORMATION**

Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall:

1. Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by Statutory requirements;
2. Explain the irresponsibility 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;
4. Maintain a sound system of internal control to safeguard stockholders' and other stakeholders' investment and the Corporation's assets;
5. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examination cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
6. Require the Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and se management.

Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts and monthly internal financial statements. Any variance between projections and actual results should also be disclosed and explained by Management to the Board.

## **B. The Investor Relations Function**

There shall be an Investor Relations Office" within the Corporation, which shall be tasked with:

1. Creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;
2. Formulation of a clear policy on communicating or relating relevant information to Corporation stockholders and other stakeholders and to the broader investor community accurately, effectively and sufficiently;
3. Preparation of disclosure documents to the Securities and Exchange Commission, and Dissemination of this Manual and the conduct of an orientation program for the Board and Management.

The Investor Relations Division shall report to the Corporate Secretary who shall act as the Chief Information Officer of the Corporation for purposes of reporting and disclosures to the SEC.

## **C. SUSTAINABILITY REPORTING**

Guimaras Specialist Medical Center, Inc. shall have a dear and focused strategy on the disclosure of non-financial information. GSMCI's strategic (long-term goals) and operational objectives (Short-term goals) as well as impacts of a wide range of sustainability issues, with emphasis on the management of

environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.

#### **D. WEBSITE**

Guimaras Specialist Medical Center, Inc. shall have a website to ensure a comprehensive, cost efficient, transparent and timely manner of disseminating relevant information to the public.

#### **E. PUBLICATION OF THE MANUAL ON CORPORATE GOVERNANCE**

This Manual shall be submitted to and made available at the Securities and Exchange Commission. It shall also be available for inspection by any stockholder and other stakeholders of the Corporation at its principal office during reasonable hours on a business day and published in the website.

### **ARTICLE VIII**

#### **STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY INTERESTS**

##### **A. SHAREHOLDERS' RIGHTS"**

The company treats all shareholders fairly and equitably, and recognizes, protects and facilitates the exercise of their rights.

##### **1. Voting Right**

All shareholders, including minority shareholders, have the right to nominate, elect, remove and replace Directors and vote on material corporate acts in accordance with the Revised Corporation Code.

##### **2. Pre-emptive Right**

A preemptive right is the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation lays down the procedure by which this right may be exercised.

##### **3: Right of Inspection**

Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Revised Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions without prejudice to laws governing Data Privacy.

##### **4. Right to Information**

Upon request and for a legitimate purpose, a shareholder shall be provided 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. The information statement/proxy statement where there are stated must be distributed to the shareholders before annual general meetings and in the registration statement and prospectus in case of registration of shares for public offering with the commission. In accordance with existing law and jurisprudence 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 for which the management should include such information. They shall also have the right to be informed of the nomination and removal process and of the voting procedures that would govern the annual and special shareholders' meeting.

##### **5. Right to Dividends**

Shareholders have the right to receive dividends subject to the discretion of the Board. However, the Commission may direct the corporation to declare dividends when its retained earnings is 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 a special reserve for probable contingencies.

#### **6. Appraisal Right**

In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- i. 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;
- ii. 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; and
- iii. In case of merger or consolidation.

#### **7. Right to Propose Meeting**

Pursuant to the provisions of the Revised Corporation Code, shareholders shall have a Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders Meeting provided the items are for legitimate business purposes.

The Notice of Annual and Special Shareholders' Meeting shall be sent with the Preliminary Information Statement to the Stockholders at least 21 calendar days or 25 business days before the meeting whichever is earlier.

The result of the votes on matters taken during the most recent Annual or Special Shareholder's Meeting shall be publicly available the next working day. The Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five (5) business days from the date of meeting.

### **B. DUTIES TO STAKEHOLDERS**

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. The following are among the stakeholders of Guimaras Specialist Medical Center, Inc: Patients, physicians, employees, creditors, the Guimarasnon Community, the Guimaras Provincial Government, this Department of Health, the Food and Drug Administration and other regulatory bodies not expressly mentioned herein.

Where the rights and/or interests of the aforementioned stakeholders are at stake, they shall have the opportunity to obtain prompt effective redress for the violation of their rights."

The Board shall establish clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of Guimaras Specialist Medical Center, Inc. stakeholders.

**ARTICLE IX  
PENALTIES FOR NON-COMPLIANCE**

Guimaras Specialist Medical Center, Inc. shall establish an evaluation system to determine and measure compliance with this Manual.

Violation thereof or non-compliance shall be subject to penalty as maybe determined by the Board of Directors ranging from reprimand to removal from office.

**ARTICLE X  
REVIEW AND AMENDMENT OF MANUAL**

The provisions of this Manual and the enforcement thereof shall be subject to review unless otherwise stated by the Board.

All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant state.

This Manual is subject to review and. amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

**ARTICLE XI  
ADOPTION AND EFFECTIVITY**

This Manual was adopted by the Board of Directors on 30 August 2024. It shall be effective immediately as have been properly established and aligned with the Corporation's Policies and Regulations as well as its By-laws, thoroughly disseminated and duly approved. Amendments to comply with regulatory issuances of the Securities and Exchange Commission shall be deemed adopted and effective upon effectivity of the relevant regulatory issuance.

Pursuant to the requirement of the Securities and Exchange Commission, this revised Manual on Corporate is signed on behalf of the registrant by the undersigned thereunto duly authorized, in the city of Pasig on 1 December 2021.

