



# MAKATI MEDICAL CENTER

## MEDICAL DOCTORS, INC. BOARD CHARTER

### **I. Objective**

It shall be the responsibility of the Board of Directors (the "Board") of Medical Doctors, Inc. (the "Corporation") to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

This Charter shall set out the purpose, duties, responsibilities, accountabilities and authority of the Board including the policies that shall guide to the directors in the performance of their functions.

### **II. Purpose**

The Board is primarily responsible for the governance of the Corporation. The Board shall oversee the development and approve the business and strategy, of the Corporation, and monitor its implementation in order to sustain the long-term viability and strength of the Corporation.

### **III. Membership**

#### **A. Composition**

The Board shall be composed of fifteen (15) members as provided in the Articles of Incorporation of Medical Doctors, Inc. who shall be elected by the stockholders annually.

The Board members shall have collective working knowledge, experience or expertise relevant to the business of the Corporation. The Board should 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 role and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The Board shall adhere to a membership policy of diversity in gender, age, ethnicity, culture, skills, competence and knowledge. A majority of the Board shall be non-executive directors with the necessary qualifications to effectively participate and help secure objective, and independent judgment on corporate affairs and to carry out proper checks and balance. At least three (3) members of the Board shall be independent directors.





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A competent and qualified Chairman shall head the Board.

### **B. Policy on Board Diversity**

The purpose of this policy is to ensure that optimal decision-making is achieved. Board diversity may include diversity in age, ethnicity, culture, skills, competence and knowledge.

### **C. Policy on Multiple Board Seat**

The Board shall show full commitment to the Corporation, always keeping in mind that the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including allotting sufficient time to be familiar with the business of the Corporation. The Board may consider the adoption of guidelines on the number of directorships that its members can hold in publicly-listed corporations. In all instances, a director should notify the Board where he is a director before accepting a directorship in another company.

The restriction on multiple board seats shall apply to all directors of the Corporation

### **D. Election of Directors**

The election of directors shall be held at each annual stockholders meeting in accordance with the manner provided by the Revised Corporation Code or the By-Laws of the Corporation, and with such formalities and in such manner as the officer presiding at the meeting shall then and there determine. Directors and independent directors shall hold office for the term of one (1) year or until their successors shall have been elected and qualified, in accordance with the By-Laws.

No person shall be elected nor be competent to hold the office of director unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

The election of directors shall be by ballot, or as the case may be, by electronic voting and each stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected.





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### **E. Vacancy**

In case the position of any director or directors become vacant by reason of death, resignation, retirement, disqualification, or any other cause, except by removal or expiration of term, the remaining directors comprising majority and constituting a quorum, in a special meeting, shall choose a successor or successors who shall hold office until the next annual election or until a successor or successors shall be duly qualified.

### **F. Compensation**

By resolution of the Board, the directors may be paid/reimbursed their expenses, if any, for attendance at each meeting of the Board, and may be paid a fixed sum for attendance at each meeting of the Board, or a stated salary as director; or likewise to give out or authorize the giving out of bonuses to person or persons whom the Board may deem fit and deserving of receiving such extra consideration. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation thereof.

### **G. Board Committees**

The Board may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the Articles of Incorporation or applicable laws.

The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.

Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required. The Board shall have the power to change the members of any such committee at any time, to fill vacancies and to discharge any such committee either with or without cause.

### **H. Board Succession**

The Board shall ensure the adoption of an effective succession-planning program for directors, key officers and management to ensure growth, promote dynamism in the Corporation and continued increase in the shareholders' value.





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### **I. Training Program Policy**

The Corporation shall establish an orientation program for new directors to ensure that all directors in the Corporation have working knowledge of the business and hospital operations. The orientation program includes SEC-mandated topics on corporate governance and introduction to the Corporation's business, Articles of Incorporation and By-laws, and Code of Business Conduct and Ethics as recommended by SEC. Likewise, the Board shall establish an annual continuing training for all directors aimed to promote effective board performance and to sustain the qualification of the directors in carrying out their duties and responsibilities.

The Chief Executive Officer ("CEO") or its equivalent officer shall allocate funds for the purpose of conducting orientation programs or workshop and annual continuing training.

### **IV. Board Independence and Conflict of Interest**

#### **A. Conflict of Interest**

The Board shall exercise objective and independent judgment on all corporate affairs. It is responsible to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation, stockholders and all other stakeholders in making decisions.

Each director shall disclose any conflict of interests as it may arise. A director with a material or potential interest in any transaction affecting the Corporation should 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. In case a director refuses to abstain, his attendance shall not be counted for purposes of assessing the quorum and his vote shall not be counted for purposes determining approval.

#### **B. Independent Director**

The Board shall consider the number of independent directors in accordance with the requirements of the Revised Corporation Code, relevant rules and regulations, and the manual of corporate governance. Nominated and elected independent directors must possess the necessary qualifications and none of the disqualifications for an independent director to hold the position as prescribed by the relevant rules and regulations.

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred





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from re-election as such but may continue to qualify for nomination and election as a non-independent director. An independent director who has served for a maximum cumulative term of nine (9) years may qualify for nomination and re-election based on meritorious justification/s and upon approval of the stockholders during the annual stockholders' meeting.

### **V. Powers, Duties and Responsibilities**

#### **A. General Responsibility**

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

#### **B. Specific Duties and Functions**

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall:

- i. Install a process of selection to ensure an appropriate mix of competent, expert and qualified directors and officers and ensure that said members and officers remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the need of the Corporation based on evolving medical, business environment and strategic direction;
- ii. Determine and approve the Corporation's purpose, vision and mission, as well as periodically review and make them public;
- iii. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them and promote cooperation between them and the Corporation is creating wealth, growth and sustainability;
- iv. Approve the Corporation's strategic and management plans, as well as its policies and procedures, including strategies and programs related to health care professional education and research;
- v. Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance;
- vi. Approve the capital and operating budget and allocate the resources required to operate the Corporation and meet its mission;
- vii. Appoint the Corporation's senior managers with the ranks of the President and Vice President and evaluate their performance;
- viii. Ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position;





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- ix. Ensure and adopt an effective succession planning program for members of the Board, key officers and Management, including the adoption of a retirement policy;
- x. Use available processes that provide and support communication and cooperation with management;
- xi. Approve the hospital's plan for quality and safety, and regularly act on reports of the quality and patient safety program;
- xii. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- xiii. Identify the Corporation's major stockholders and stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- xiv. Adopt a system of internal checks and balances;
- xv. Adopt an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations;
- xvi. Identify key risk areas and key performance indicators and monitor these factors with due diligence and oversee that a sound Enterprise Risk Management framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;
- xvii. Properly discharge Board functions by meeting regularly, such as for example at least once every two (2) months, or when circumstances requires a special meeting, shall be convened to address urgent important matters. Board members will be compensated for attendance at each board meeting with a reasonable per diem as determined by the Compliance and Corporate Governance committee and approved by a simple majority of the Board. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
- xviii. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations;
- xix. Ensure that the Hospital operates ethically and responsibly and in compliance with internal codes of conduct, including the establishment of a framework for ethical management that ensures that patient care is provided is provided within business, financial, ethical and legal norms that protect patients and their rights. A Code of Business Conduct and Ethics shall be adopted for this purpose;
- xx. The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and Manual of Corporate Governance;
- xxi. Oversee the development of and approve the Corporation's business and strategy and monitor its implementation, in order to sustain the Corporation's long-term viability and strength;





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- xxii. Align the remuneration of key officers and directors with the long-term interest of the Corporation. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. No director should participate in the determination of his own per diem or compensation unless acting collectively as a Board;
- xxiii. Ensure that the Corporation adopt a policy and system governing related party transactions and other unusual or infrequently occurring transaction, including appropriate review and approval of material related party transactions guaranteeing fairness and transparency;
- xxiv. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential/actual conflicts of interest of board members, management, and shareholders. The Board should also adopt an internal audit charter;
- xxv. The Board shall create a Board charter that formalized and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be made publicly available; and
- xxvi. The Board shall establish 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 Corporation's financial condition, results and business operations.

### C. The Chairman of the Board

The Chairman shall be a separate individual from the Chief Executive Officer ("CEO"). The duties of the Chairman of the Board shall include, among others, the following as stipulated in the 2019 SEC Code of Corporate Governance:

- i. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- ii. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- iii. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors
- iv. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- v. Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors;
- vi. Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.





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### **D. Chief Executive Officer**

The roles of the Chairman and the CEO are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The CEO shall be appointed by the Board and shall have responsibility for the general day-to-day management and supervision of the business of the Hospital. It is his/her duty to maintain strict supervision over all the affairs and interests of the Hospital.

### **E. Corporate Secretary**

The Corporate Secretary must be a Filipino citizen and resident, who preferably shall not be a member of the Board. He/she is an officer of the Corporation and must perform his/her duties and functions in accordance with the highest professional standards. He/she must exhibit loyalty to the mission, vision and specific business objective of the Corporation. He/she must possess administrative and interpersonal skills, legal knowledge, and financial and accounting skills. He is required to attend annual training on corporate governance.

The duties and responsibilities of the Corporate Secretary shall include the following, as recommended in the 2019 SEC Code of Corporate Governance:

- i. Assists the Board and the Board committees in the conduct of their meetings (i.e. agenda setting, preparation of annual schedule of meetings and board calendar);
- ii. Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders/members, 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/members and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders/members 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





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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.

Additional functions of the Corporate Secretary includes:

- i. Gather and analyze all documents, records and other information essential to the performance of his duties and responsibilities to the Corporation;
- ii. Work fairly and objectively with the Board, management, stockholders and other stakeholders;
- iii. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- iv. Submit to the Securities and Exchange Commission ("SEC"), an annual certification as to the attendance of the directors during board meetings at the end of every fiscal year; and
- v. Advise the Board on matters pertaining to their legal responsibilities and obligations and ensure that appropriate Board procedures are followed, and the applicable rules and regulations are complied with.

### **VI. Board Meetings**

The Board shall have at least four (4) regular meetings in a calendar year at a time and place determined by the Chairman, with further meetings to be conducted, as it may be deemed necessary by the Chairman or by request of at least two (2) directors. The directors are encouraged to attend and actively participate in all meetings of the Board, committees they are members of, and stockholders in person or via remote communication conducted in accordance with the rules and regulations of the SEC or its By-Laws, except upon justifiable causes which prevents them from doing so.

### **VII. Monitoring and Assessment**

The Board shall conduct an annual self-assessment of its performance. It shall also establish an effective performance evaluation framework, which includes the standard or criteria for assessment that will ensure that the management, including the President/CEO, and personnel's performance is at par with the standards set by the Board and senior management.

The Board shall also require regular reports from each board committee.





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### VIII. Miscellaneous

#### A. Access to Information

The Board shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

#### B. Technical Assistance

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Board.

The Board may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice, as it may deem desirable or appropriate.

The Corporation, at its expense, shall provide all resources necessary for the Board to perform its duties and functions.

#### C. Records/Confidentiality

The Corporate Secretary shall keep and have custody of the records of the Board. Except for information that are required to be discharged pursuant to law or regulations issued by competent government authorities, the records of the Board shall be kept confidential.

#### D. Annual Review

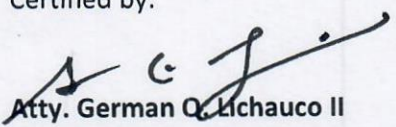
The Board shall review and re-assess the adequacy of its Charter annually and submit proposed changes to the Board for approval.

#### E. Effectivity

This Charter shall take effect immediately upon approval by the Board and shall apply prospectively.

Date of Approval by the Board: MAR 25 2022

Certified by:

  
Atty. German Q. Lichauco II

Corporate Secretary