

Corporate Governance

The Mercantile Insurance Co., Inc. is fully committed to go beyond mere compliance with regulation. In line with this, we incorporate the latest Manual on Corporate Governance on our website.

The Board of Directors of The Mercantile Insurance Co., Inc, Inc reviewed the Mission and Vision of the Company during 2020 and has found these to fully address the Company's goals and objectives. The board recommends that the Mission and Vision of the Company be retained for the succeeding year.

Compliance with the Code of Corporate Governance

The Mercantile Insurance Co., Inc. (the Company) has fully complied with the principles of good corporate governance enunciated by the Securities and Exchange Commission, the Insurance Commission and the Institute of Corporate Directors. The Company's Corporate Governance Manual approved by the Board of Directors incorporates the established governance policies and practices in accordance with the Code.

All directors and officers of the company are required to report their dealings in company shares within 3 business days.

All Related Party Transactions (RPTs) especially involving the Directors and Key Officers of the company are conducted in such a way to ensure that they are fair and at arm's length. A committee of Independent Directors are required to review material or significant RPTs to determine that they are done in the best interests of the company and shareholders.

All directors and key officers are required to report their dealings in company shares within 3 business days.



COMPANY POLICIES

Dividend Policy

It is the company's policy to share its earnings with its shareholders in the form of cash dividends.

The Mercantile Insurance Co., Inc recognizes the importance of sharing the profits that the company generates with its Stockholders while maintaining healthy capital levels to ensure that the company has financial flexibility. The Board of Directors may, at its discretion and depending on the business results for the year, capital needs of the business, or prevailing law, declare and approve the distribution of dividends to all shareholders normally announced at the Annual Stockholder's Meeting

The Company recorded good operating results for 2020, however in a regular board meeting, the Company Treasurer recommended that cash dividends not be given for the year to help the Company meet the new Net Worth requirements that were set forth in Republic Act (RA) 10607 or the Insurance Code of the Philippines. This recommendation was unanimously approved by the board.

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Whistleblower Policy

The Mercantile Insurance Co., Inc is committed to the highest standards of ethical values, integrity, service excellence, financial stability and transparency in the conduct of its business. To further this, all stakeholders including employees, shareholders, suppliers, customers and the community are given the opportunity to communicate with protection from reprisal, any concerns about illegal, unethical or questionable practices.

Whistleblowers are asked to report their findings either by email to gen_info@mic.com.ph or mcmallillin@mic.com.ph. Additionally, they may send their concerns directly via letter addressed to the President, the Human Resource Head or any of the appropriate Heads of the Unit concerned at the following address:

The Mercantile Insurance Co.,
Inc. 2/F The Mercantile Insurance Bldg. Gen. Luna St. cor. Beaterio St.
Intramuros, Manila 1002

We ask that whistleblowers provide the nature of the complaint, details of transactions, person/s involved, supporting documents, and any written explanation that may be necessary.

Whistleblowers are guaranteed of confidentiality and retaliation from Harassment. Complaints will be addressed by the affected Department and if need be, raised for approval to the Board of Directors.

Anti-Corruption Programs

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The Company is fully committed to its Anti-Corruption program. It specifically abides by all existing Philippine law, rules and regulations governing Anti-Bribery and Anti-Corruption. (Republic Act No. 3019 Known as the Anti-Graft and Corrupt Practices Act)

It is a strict policy that all Company personnel must not engage in illegal behavior including the giving of bribes or noncompliance with local laws. Employees are encouraged to use the Company's whistleblower policy to report suspicious or illegal activities.

Related Party Transaction

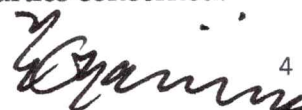
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence of the other party in making financial and operating decisions and the parties are subject to common control or common significant influence.

Directors, Officers, and Key management personnel are required by the Company's Manual on Corporate Governance to report their interest in transactions and any conflict of interest or potential conflict.

All Related Party Transactions are required to be conducted in a fair manner and at arm's length. The Board of Directors through its Related Party Transaction Committee reviews RPTs to ensure that they are properly conducted.

Customer Welfare

The Mercantile Insurance Co., Inc is committed to provide efficient service to all its customers and quickly resolve claims in a manner that is fair to all parties concerned.



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Our goal is to provide service that delights customers and ensure that they will be our customer for life. To this end, customers are promised that policies and endorsements will be made and delivered in a timely manner. Claims will immediately be addressed and the customer given regular feedback on the claim's status. The Company will make every effort to ensure that claims are properly resolved.

Supplier/Contractor Selection

The Company makes it a point to work with ethical companies. Goods and services must be acquired in a manner that ensures the company obtains value for money, uses a fair process, meets legal and ethical obligations and employs trained staff. **The Mercantile Insurance Co., Inc deals** only deals with companies that comply fully with the Law and Regulations, follow or have their own Anti-Bribery/Kickback policies, engage in fair competition, observe proper data protection and record accuracy and retention, and have responsible Environmental practices. All company suppliers and contractors have to pass through an accreditation and vetting process.

For motor vehicles parts and service suppliers, the company sends personnel to do site visits and ensure that the shop has proper infrastructure and processes that will enable it to serve the Company's customers properly. Once accredited, the company regularly compares prices of up to 3 shops to be sure that its accredited suppliers continue to provide market competitive rates.

For reinsurance suppliers, the company deals only with ethical companies that have strong financials that can be depended on when claims arise. The company regularly scrutinizes the financials of companies to ensure that they remain solid companies.

For other suppliers, the company ensures that it only deals with ethical and legal companies. The company regularly checks on its suppliers to ensure that they continue to follow the proper processes and procedures. Also the company will regularly ask for quotes from a minimum of 3 suppliers while comparing different products to ensure that the best deal is done.

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Creditor's Rights

The company fully recognizes creditor's rights and fully complies with all local laws or regulations regarding this. The company commits to pay all creditors for all services, goods or loans that it has incurred. The company finances are regularly checked to ensure that there are no problems with settling creditors.

Employee Welfare

The Mercantile Insurance Co., Inc recognizes that its employees are the most valuable resource and the health and welfare of all employees are critical to achieve the Company's mission.

The Company actively promotes a healthy lifestyle to its employees. It provides health insurance to all its employees and regularly pushes health initiatives to its employees such as maintaining a healthy weight, ensuring that employees are properly hydrated, and eating healthy foods. Annual sports activities and outings also stress the need to stay active for better health.

The Company is committed to providing equal opportunities in all areas of the business and refuses discriminating its employees due to sex, age, marital status, sexual orientation, race, religion, ethnic or national origin.

Employees are promoted and gain additional responsibility on the solely on the basis of merit.

All employees are informed of the Company's Whistleblower Policy (discussed above) to report any grievances or breach of Company policy. No employees will suffer as a consequence of notifying such alleged breaches in accordance with the Whistleblowing policy.

All employees are treated with respect and dignity. The company does not tolerate bullying or any form of harassment in the workplace and will take disciplinary

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action based on the schedule provided in the Human Resources Manual against employees who violate this.

Staff Training and Development

The Company realizes that well trained employees are critical to attaining the Company's mission. The Company regularly conducts training activities to ensure that employees can properly achieve their tasks and realize their full potential. In addition, regular feedback is provided so employees can learn ways in which they can further improve.

New Employees are informed about the company's Mission, Vision and Values as well as the company culture during a new employee orientation seminar. In addition, new employees attend a weeklong seminar on non-life insurance that is held annually in Luzon, Visayas and Mindanao.

Employees are also provided specific training with regards to their job functions. The company has also invested in doing training over the internet with follow on seminars for employees being done through video/teleconferencing using internet facilities.

The Company also conducts regular seminars on topics to improve customer service such as the Proper Way to Answer Phone Inquiries and Service with a Smile.

Employees are given Key Performance Targets that they must meet every six months. These targets are set by the supervisors who discuss these with employees to ensure that the targets and means of measurement are properly understood.

At the end of the six-month period, employees are given feedback on their performance through Performance Appraisals. Employees are allowed to question their supervisors and see which areas they can further improve on. These appraisals are also used by the company to promote employees or increase salaries and benefits.

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Corporate Social Responsibility

The Mercantile Insurance Co., Inc. recognizes its responsibility to help alleviate the lives of the less privileged members of the community. This is why Mercantile has been active in lending a helping hand to the following institutions:

TULAY NG KABATAAN FOUNDATION - An organization which helps the most unfortunate children of Manila. Its project includes Street Children, Children in Slums and Scavenger Children programs.

HOSPICIO DE SAN JOSE- A home to babies, children, adults and elderly persons who have no other home in this world. For 200 years, this charitable institution has accepted the poorest of the poor and families in crisis, and has sheltered them, fed them, clothed them, educated them, cared for them when they were sick or wounded, and helped them to go on in this world.

CHILDREN'S JOY FOUNDATION - Anon stock, non-profit organization to help the abandoned, neglected and surrendered children in some urban areas.

FRIENDS OF INTRAMUROS FOUNDATION - a non-government organization that advocates the preservation of the cultural and historical heritage of Intramuros.

BARANGAY 655 - A small administrative region in Intramuros where many less privileged residents live.

REGINA ROSARII - A community of consecrated women that conduct retreats, recollections and seminars. Its apostolate includes Accompaniment in Contemplative Prayer and Devotion to Regina Rosarii; Broadcast Ministry through radio and cellphone and Socio-Pastoral Services.

THE SHEAVERS ASSOCIATION, INC. - A non-stock, non-profit organization which believes that national recovery is achievable in the community level by providing people with livelihood opportunities.

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