

ANNUAL CORPORATE GOVERNANCE REPORT OF

Asalus Corporation
(Name of Company)

1. For the fiscal year ended: December 31, 2021

2. Certificate Authority Number: HMO-2020-05-R

3. Philippines

Province, Country or other jurisdiction of incorporation or organization

4 7th Floor Feliza Building, 108 V.A Rufino St, Makati City

<p>1. The directors notify the Company's Board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>We use the Bio-Data/CV submitted by our Directors to the IC to verify this notification.</p>	
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Principle 5: The Board

2. The Company bars an independent from serving in such capacity after the term limit of nine years.	COMPLIANT	This information is contained in our MCG . In addition, it shows the Company's policy on term limits for its independent director.	
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 seek shareholders' approval during the annual shareholders' meeting.	COMPLIANT	No such submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting has ever been made.	

Recommendation 5.4

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals

COMPLIANT

Chairman: Mr. Mario M. Silos

<p>1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.</p>	<p>COMPLIANT</p>	<p>For 2021, no such abstention was required as no deliberations involved a conflict of interest.</p> <p>Abstention was already practiced by our directors last 2020. This was reported in our scorecard in the previous year.</p>	
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Recommendation 5.7

<p>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 directors present to ensure that proper checks and balances are in place within the corporation.</p>	<p>COMPLIANT</p>	<p>The heads of Internal Audit, Enterprise Risk and Compliance, and External Auditor/s have separate periodic meetings with Non-Executive Directors (NEDs) and Independent Directors (IDs). Updates on current issues surrounding Internal Control are being discussed during the session</p>	
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5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT	This requirement is not yet applicable since this is only the first time the board assessment exercise has been done.	Seeking the service of an external facilitator to carry out this task will still be discussed in our Corporate Governance, Nomination, and Remuneration Committee.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Our MCG contains information on the company's system to evaluate the performance of the Board, individual directors, and committees, including a feedback mechanism from shareholders. Sections VIII, XIII, and XV discuss these topics.	
2. The system allows for a feedback mechanism from the shareholders	COMPLIANT		
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 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

<p>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</p>	<p>COMPLIANT</p>	<p>The Bio-Data/CV we submitted to the IC references the key officers' academic qualifications, share-ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	
<p>Recommendation 8.3</p>			
<p>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</p>	<p>NON-COMPLIANT</p>		<p>As with earlier items (2.5.1, 2.5.2, 2.9.1, 2.9.2) relating to remuneration, setting board and executive compensation procedures have not been adequately documented. The new policy being crafted by our HCMD and to be presented to our</p>
<p>2. Company provides a clear disclosure of its policies and procedure for setting Executive 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</p>	<p>NON-COMPLIANT</p>		<p>Remuneration Committee Q R Z ³ & R U S R U D W H Governance, Nomination, and 5 H P X Q H U D W L R Q & I will not only give transparency to the remuneration setting exercise but also require disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four management officers during the preceding fiscal year.</p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>		<p>Again, this new policy will be available on or before the end of 2022.</p>



1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	This is in our Company's Audit Committee Charter found on our BCC .	
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	The majority of shareholders usually ratify the appointment, reappointment, removal, and fees of the external auditor. Please see our most recent MoM .	
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.	NON-COMPLIANT		Proper disclosures are already being made to the IC and SEC. External auditors are also mentioned in our AFS.

Recommendation 9.2

1. Audit Committee Charter includes the Audit & R P P L W W H H ¶ V U H V :
 - i. assessing the integrity and independence of external auditors;

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

There was **no** conflict of interest noted. External auditors were aware of this control.

<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The process we use is derived from the COSO ERM Framework for our Enterprise Risk Management.</p> <p>Our Enterprise Risk Management Framework contains information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the Company is currently facing 3. How the Company manages the key risks <p>Every 1-2 years, we review our enterprise risk management framework.</p>	
Recommendation 12.2			
<p>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.</p>	<p>COMPLIANT</p>	<p>In-house Internal Audit</p>	
Recommendation 12.3			

1. The Company has a qualified Chief Audit Executive (CAE) appointed by the Board.

COMPLIANT

Our head of Internal Audit is Assistant Vice President (AVP) **Ms. Maria Midori R. Cruz**. Her responsibilities include:

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	The Internal Audit function is not outsourced.	
Recommendation 12.4			
1. The Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT		
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).

1. Board ensures that basic shareholder

		<p>meeting unless all Directors of the relevant Board present at the meeting do not object to those additional matters.</p> <p>(f) The Directors may participate in a Board meeting by means of a telephone conference or a video conference or similar communications equipment by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a Director to be in the physical presence of another Director(s), in accordance with the requirements of the Securities and Exchange Commission from time to time; and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum under Clause 4.6 at all times during such meeting, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A meeting conducted by means of a telephone conference or a video conference or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one (1) of the Directors present at the meeting was at that place for the duration of the meeting.</p>	
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		<p>Shareholders are notified of the scheduled meeting 14 days prior meeting for both the ASM and in cases of SSM. In case of Audited Financial Statements (AFS), it only comes in 1 day prior the meeting. As a result, the discussion materials come in late of the 14-day notice of meeting.</p> <p>Unfortunately, we cannot share the HQWLUH 6KDUHKROGHU ¶ its sensitive nature.</p>	
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Recommendation 13.3

1. 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.

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Recommendation 15.2

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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

		<p>Reforestation to support watersheds in Marikina and Buhisan Water Forest Reserve (BWFR), which aims to contribute to environmental sustainability and reversal of loss of environmental resources in the Upper Marikina River Basin Protected Landscape or Marikina Watershed in Metro Manila and the Buhisan Water and Forest Reserve in Cebu City</p> <p>Aid and Outreach Programs to 21 non-government organizations and other institutions to give donations and aid the marginalized and victims of disasters/calamities.</p>	
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The undersigned hereby certify that the responses and explanations set forth in this show Cause and Affidavit are true and correct.

Signature over _____

Subscribed and sworn to before me on _____

Notary Public in and for the State of _____

My Commission Expires _____

Witness my hand and seal of office this _____ day of _____, 20____.

Notary Public in and for the State of _____

My Commission Expires _____

6. Suresh Manimuthu

7. Alexander A. Princeps