

## ANNUAL CORPORATE GOVERNANCE REPORT OF

Asalus Corporation  
**(Name of Company)**

1. For the fiscal year ended: December 31, 2022

2. Certificate Authority Number: HMO-2023-06-R

3. Philippines  
Province, Country, or other jurisdiction of incorporation or organization

4 7<sup>th</sup> Floor Feliza Building, 108 V.A Rufino St, Makati City 1229  
Address of principal office Postal Code

5 +63 2 8789 400  
Company's telephone number, including area code

6 <https://www.intellicare.net.ph>  
Company's official website

7. N/A  
Former name, former address, and former fiscal year if changed since last report.

**ANNUAL CORPORATE GOVERNANCE REPORT**

**COMPLIANT/  
NON-  
COMPLIANT**

**ADDITIONAL INFORMATION**

**EXPLANATION**

**Principle 1:** The Company should be headed by a competent working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.

**COMPLIANT**

Section VIII.B. of our

2. Compliance Officer has the rank of Vice President or an equivalent position with adequate stature and authority in the corporation

**NON-  
COMPLIANT**

Our **MCG** contains information on our Compliance Officer (CO), including his qualifications, duties, and functions.

Our Compliance Officer (CO) has the rank of **Assistant Vice President**, which is considered an Executive position in our Company. He **reports directly** to two (2) Board Committees, the Risk and Compliance **Board Committee**, and the Corporate Governance, Nomination, and Remuneration **Board Committee**. Administratively, he **answers to our CEO**. The CO is also a member of our Management Committee. He has almost 21

## Recommendation 2.2

programs.

S

Governance, Nomination, and

By-  
Laws, the compensation of the Directors is determined by the Board and subject to the approval of the shareholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the shareholders.

**on or before the end of 2023**  
for endorsement to the board and subsequent approval.  
This new policy will be communicated accordingly to

6.

		other cause, of a Director, Management Employees, or Key Employees.	
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	<b>COMPLIANT</b>	Our Company has a <b>Related Party Transactions Policy</b> that was approved by the Board. The policy covers the review and approval of significant RPTs. We likewise have an RPT Board Committee, the functions of which are disclosed in our Board Committee Charter.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	<b>COMPLIANT</b>	We submit <b>quarterly</b> and <b>annual RPT reports</b> to the Insurance Commission. All these transactions were approved by the Committee and are compliant with our policy.	



<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</p>	<p><b>COMPLIANT</b></p>	<p>The <b>BCC</b> outlines the Board's policy and responsibility for assessing the performance of management via the different Board Committees.</p> <p>A review of performance is done during quarterly Board meetings. Both quantitative and qualitative performance is reviewed. Performance is reviewed on a comparative period and against budget and whether alignment to the strategic objectives is met.</p> <p>The Board Risk and Compliance Committee meets quarterly to identify risks and mitigations done to address the same. The Committee also reviews the report of the Compliance Officer for the status of compliance.</p> <p>The Audit Committee meets quarterly to review Internal Audit reports and the progress of the resolutions of the audit items. The committee also requires the external financial auditor to present the audit findings for both control assessments and financial adjustments.</p>	
<p><b>Recommendation 2.9</b></p>			
<p>1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive performance, is at par with the standards set by the Board and Senior Management.</p>	<p><b>NON-COMPLIANT</b></p>		<p>As mentioned in our response to Recommendations 2.5.1 and 2.5.2, the framework is already in place, but diligent documentation will be improved. In addition, our HCMD is currently working with</p>

<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p><b>NON-COMPLIANT</b></p>	<p>an external consultant to develop the Performance Management Framework that will ensure that the performance of Management, including the Chief Executive performance, and the entire workforce, is at par with the standards set by the Board and Senior Management. The <b>new framework</b>, together with the aforementioned Remuneration Policy, will be presented to the Remuneration Committee at Governance, Nomination, and Remuneration <b>on or before the end of 2023.</b></p>
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**Recommendation 2.10**

1. Board oversees that an appropriate internal

## Recommendation 2.11

1. Board oversees that the Company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess, and manage key business risks.

**COMPLIANT**

Our Board approved the Enterprise Risk

Enterprise Risk

**Recommendation 3.2**

1. Board establishes an Audit Committee to enhance its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	<b>COMPLIANT</b>	Our <b>MCG</b> and <b>BCC</b> contain information on the Audit Committee, including its functions.  It is the Board that appoints and removes	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman are independent.	<b>COMPLIANT</b>	Our <b>BCC</b> contains information on the members of the Audit Committee, including their qualifications and type of directorship.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.	<b>COMPLIANT</b>	The <b>Bio-Data/CV</b> of the Board of Directors contains information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	<b>COMPLIANT</b>		



material related party transactions of the Company			
2. RPT Committee is composed of at least three non-executive directors, the majority of whom should be independent, including the Chairman.	<b>COMPLIANT</b>	Our <b>BCC</b> contains information on the members of the RPT Committee, including their qualifications and type of directorship.	
<b>Recommendation 3.6</b>			
1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information.	<b>COMPLIANT</b>	Our <b>BCC</b> outlines the Company's committee charters, containing all the required information, mainly the functions of the Committee that is necessary for performance evaluation purposes.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>COMPLIANT</b>	Evaluation of the Committees is discussed in Section VIII.A. of our <b>MCG</b>	
3. Committee Charters were fully disclosed on the Company's website.	<b>COMPLIANT</b>	Our <b>MCG</b> , which is posted on our website, discusses the functions of our Board Committees in the Annex section.	
Principle 4: To show full commitment to the Company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
<b>Recommendation 4.1</b>			

1. The Directors attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.

**COMPLIANT**

Our **Corporate By-Laws** contain information on the process and procedure for tele/videoconferencing Board and/or committee meetings.

The

2. The directors review meeting materials for all Board and Committee meetings.	<b>COMPLIANT</b>	The <b>MoM</b> would show any questions raised or clarification/ explanation sought by the directors.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>COMPLIANT</b>	The <b>MoM</b> would show any questions raised or clarification/ explanation sought by the directors.	

#### Recommendation 4.2

1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.	<b>COMPLIANT</b>	<p>Our <b>MCG</b> Manual has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Section XVI.A. of our <b>MCG</b> shows the directorships of the Company's directors in both listed and non-listed companies or the list of disqualifications.</p>	
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#### Recommendation 4.3

1. The directors notify the Company's Board where he/she is an incumbent director before accepting a directorship in another company.

**COMPLIANT**

We use the **Bio-Data/CV** submitted by our

**Recommendation 5.3**

1. The independent directors serve for a maximum cumulative term of nine years.

As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.

For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.

**COMPLIANT**

Our **GIS** shows the years IDs have served as such.

2. The Company bars an independent from serving in such a capacity after the term limit of nine years.

**COMPLIANT**

This information is contained in our **MCG**. It shows the Company's policy on term limits for its



<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p><b>COMPLIANT</b></p>	<p>Our <b>MCG</b> contains information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>The Chairman and CEO are <b>two distinct</b> individuals.</p>	
<p><b>Recommendation 5.5</b></p>			
<p>1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.</p>	<p><b>COMPLIANT</b></p>	<p>Our <b>MCG</b> and <b>BCC</b> show the roles and functions of our Independent Directors. Most of them are Chairpersons of the different Board Committees. Our Chairman and CEO are not being held by the same person.</p> <p>Our Chairperson is <b>not</b> an independent director</p>	
<p><b>Recommendation 5.6</b></p>			
<p>1. Directors with a material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.</p>	<p><b>COMPLIANT</b></p>	<p>For 2022, 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>	
<p><b>Recommendation 5.7</b></p>			
<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><b>COMPLIANT</b></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 sessions. There are weekly, monthly, and quarterly meetings.</p>	
<p>2. The meetings are chaired by the lead independent director.</p>	<p><b>COMPLIANT</b></p>		



<p>1. Board adopts a Code of Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings of the Company</p>	<p><b>COMPLIANT</b></p>	<p>We have our <b>Standards of Ethical Conduct/Code of Ethical Standards (CoES)</b> and <b>Code of Discipline (CoD)</b>.</p>	
<p>2. The Code is properly disseminated to the Board, senior management, and employees.</p>	<p><b>COMPLIANT</b></p>	<p>Our <b>Codes</b> were approved by the Board and are disseminated to all new hires. Recently, we disseminated the updated codes to all employees via email blast.</p>	

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.</p>	<p><b>COMPLIANT</b></p>	<p>Section XIII of our <b>MCG</b> talks about our Company's disclosure policies and procedures, including reports distributed/made available to shareholders and other stockholders</p>	
<p><b>Recommendation 8.2</b></p>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p><b>COMPLIANT</b></p>	<p>The <b>Bio-Data/CV</b> we submitted to the IC provides the directors' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise, and relevant trainings attended.</p>	
<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><b>COMPLIANT</b></p>	<p>The <b>Bio-Data/CV</b> we submitted to the IC provides a reference to 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>	

**Recommendation 8.3**

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the sa g0 G[e]4(xp)

<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 the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code</p>	<p><b>NON-COMPLIANT</b></p>		<p>presented to our Remuneration Committee Governance, Nomination, and Remuneration Commi 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>Again, this new policy will be available <b>on or before the end of 2023.</b></p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>NON-COMPLIANT</b></p>		
<p><b>Recommendation 8.4</b></p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions</p>	<p><b>COMPLIANT</b></p>	<p>We have our <b>RPT Policy</b> in place.</p> <p>Please see the response to recommendation 5.6.1. for additional information.</p>	

2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by a majority vote of the stockholders in the annual stockholders' meeting during the year.<sup>47.4n</sup>

		shareholders who approved) based on the Company's policy; and 9. Other terms and conditions.	
<b>Recommendation 8.5</b>			
1. governance policies, programs, and procedures are contained in its Manual on Corporate Governance (MCG).	<b>COMPLIANT</b>	<a href="https://www.intellicare.net.ph/wp-content/uploads/2021/01/ERMCD20-01-Manual-on-Corporate-Governance.pdf">https://www.intellicare.net.ph/wp-content/uploads/2021/01/ERMCD20-01-Manual-on-Corporate-Governance.pdf</a>	
2. company website	<b>COMPLIANT</b>		
Principle 9: The Company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	<b>COMPLIANT</b>	Section 6 of our <b>Policy on External Auditors</b> talks about the appointment, reappointment, and removal of our external auditors.	
2. The appointment, reappointment, removal, and fees of the external auditor are recommended by the Audit Committee, approved by the	<b>COMPLIANT</b>		

Board, and ratified by the shareholders.			
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3. For the removal of the external auditor, the reasons for removal or change are disclosed to the

2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity	<b>COMPLIANT</b>	There was <b>no</b> conflict of interest noted. External auditors were aware of this control.	
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Principle 10: The Company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability.	<b>COMPLIANT</b>	Currently, what we have are the <b>Policy on Environmental Sustainability</b> . We are likewise working on having our <b>Sustainable Procurement Policy</b> approved soon by the Board.	
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2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	<b>COMPLIANT</b>	We have adopted the Sustainability Framework of our Parent Company, Fullerton Health. The <b>framework</b> was developed based on the <b>Global Reporting Initiative (GRI)</b> . Locally, we already have draft <b>material ESG topics</b> , performance indicators, and targets. In the next two (2) years, we will be doing the following activities: (1) develop our Sustainability Report (2) integrate risk management and sustainability (3) assess climate risk, and decarbonization opportunities and (4) develop a sustainable Finance Framework.	
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Principle 11: The Company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision making by investors, stakeholders, and interested users.

**Recommendation 11.1**



<p>1. The Company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.</p>	<p><b>COMPLIANT</b></p>	<p><a href="https://www.intellicare.net.ph/">https://www.intellicare.net.ph/</a> and our Social Media channels like Facebook, LinkedIn, Instagram, YouTube, etc.</p>	
<p><b>Internal Control System and Risk Management Framework</b></p>			
<p>Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the Company should have a strong and effective internal control system and enterprise risk management framework.</p>			
<p><b>Recommendation 12.1</b></p>			

1. Company has an adequate and effective internal control system in the conduct of its business.

**COMPLIANT**

Details can be found in our **Internal Audit Department (IAD) Charter**. Please see pages 3 to 5 of the Charter for the list of quality service programs for internal audit functions. Indicated there also is the

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.

**COMPLIANT** In-



(c) At least fourteen (14) days notice of a Board meeting shall be given to all relevant Directors and all Board Observers, accompanied by:

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.

Shareholders are notified of the scheduled meeting 14 days prior meeting for both the ASM and in cases of SSM. In the case of Audited Financial Statements (AFS), it only comes in 1 day prior to the meeting. As a result, the discussion materials come in late of the 14-day notice of the meeting.

Unfortunately, we **cannot share** the entire

2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	<b>COMPLIANT</b>	<a href="https://www.intellicare.net.ph/wp-content/uploads/2023/05/Asalus-Minutes-of-the-Meeting_2022.pdf">https://www.intellicare.net.ph/wp-content/uploads/2023/05/Asalus-Minutes-of-the-Meeting_2022.pdf</a>	
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	<b>COMPLIANT</b>	Our (SHA) has this mechanism in place.	
2. The alternative dispute mechanism is included in the Company's Manual on Corporate Governance.	<b>NON-COMPLIANT</b>		Our <b>MCG</b> still needs to be amended to include this alternative dispute resolution. This has been previously discussed by the Board but has parked the topic since.
<b>Duties to Stockholder</b>			

Principle 4: The rights of stakeholders established by law, contractual relations, and voluntary commitments must be respected. Where rights and/or interests are at stake, stakeholders should have the opportunity to obtain

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights.</p>	<p><b>COMPLIANT</b></p>	<p>Our stakeholders can voice their concerns and/or complaints about the possible violation of their rights to the following persons:</p> <p><b>Corporate Secretary:</b> Atty. Magilyn T. Loja  <a href="mailto:gilyn.loja@bleslaw.com">gilyn.loja@bleslaw.com</a></p> <p><b>Compliance Officer:</b> Patrick Mitchell B. Sarmiento  <a href="mailto:compliance@intellicare.com.ph">compliance@intellicare.com.ph</a></p> <p>We are sharing our <b>Whistleblowing Policy</b>. Reporting mechanisms are mentioned in our policy.</p>	
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the C and participate in its corporate governance processes.

**Recommendation 15.1**

<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>We have our <b>Governance Policies</b>, which include the following:          Anti-Bribery and Corruption          Fraud          Gifts and Entertainment          Whistleblowing</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the Company's culture.</p>	<p><b>COMPLIANT</b></p>	<p>We have <b>annual online training programs/modules</b> for them. We likewise have periodic email blasts on important updates to encourage feedback from the workforce.</p>	

**Recommendation 15.3**

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p>	<p><b>COMPLIANT</b></p>	<p>Our <b>Whistleblowing Policy</b> is very straightforward and so easy for our employees to follow.</p>	
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CERTIFICATE

This is to certify that the above named person has passed the examinations set forth in the above course and is hereby awarded the degree of Bachelor of Science in Business Administration.



Given at the City of New York, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

This is to certify that the above named person has passed the examinations set forth in the above course and is hereby awarded the degree of Bachelor of Science in Business Administration.

Given at the City of New York, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary