

**ANNUAL CORPORATE GOVERNANCE REPORT OF**

Asalus Corporation  
**(Name of Company)**

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## 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-

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.	<b>COMPLIANT</b>	Section VIII.B. of our <b>Manual on Corporate Governance</b> talks about the training and development of our directors. The orientation program is also discussed in the section.	
3. Company has relevant annual continuing training for all directors.	<b>COMPLIANT</b>		
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	<b>COMPLIANT</b>	Section VII.E. of our <b>MCG</b> contains information on our board diversity policy. Currently, we have five (5) female and six (6) male directors with different ethnicities and professional backgrounds.	
<b>Recommendation 1.5</b>			

1. Board is assisted in its duties by a Corporate Secretary.

**COMPLIANT**

Our **GIS** and **MCG** contain information on

<p>2. Compliance Officer has the rank of Vice President or an equivalent position with adequate stature and authority in the corporation</p>	<p><b>NON-COMPLIANT</b></p>	<p>Our <b>MCG</b> contains information on our Compliance Officer (CO), including his qualifications, duties, and functions.</p>	<p>Our Compliance Officer (CO) has the rank of <b>Assistant Vice President</b>, who is considered an Executive position in our Company. He <b>reports directly</b> to two (2) Board Committees, the Risk and Compliance <b>Board Committee</b>, and the Corporate Governance, Nomination, and Remuneration <b>Board Committee</b>. Administratively, he <b>answers to our CEO</b>. The CO is also a member of our Management Committee. He has almost 22 years of professional experience</p>
<p>3. Compliance Officer is not a member of the Board.</p>	<p><b>COMPLIANT</b></p>		
<p>4. Compliance Officer attends training/s on corporate governance annually.</p>	<p><b>COMPLIANT</b></p>	<p>Our CO attended the initial course on Corporate Governance conducted by the ICD (Institute of Corporate Directors). Update courses are to be scheduled and are being followed.</p>	

Principle 2: The fiduciary roles, responsibilities, and accountabilities of the Board as provided under the I 52.44 1.52 Tf1 0a733.06 46.56 reW,B



		<p>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.</p>	
<p><b>Recommendation 2.6</b></p>			

1. Board has a formal and transparent board nomination and election policy.

**COMPLIANT**

Sections VI and VII of our **MCG** contain information on the Company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates are, and how it encourages nominations from shareholders.

Moreover, the **BCC** provides that the Corporate Governance, Nomination, and Remuneration Committee Board of Directors in identifying, screening, and reviewing individuals who are qualified to serve as Directors and succeed as Management Employees and Key Employees. The Nomination Committee has yet to formulate and adopt guidelines on the qualifications of the members of the Board of Directors, and me









		The <b>Board</b> likewise <b>approved policies</b> to monitor and mitigate Conflicts of Interest within the Company. The RPT Policy, MCG, Compliance Management Policy, Code of Discipline (CoD), and Code of Ethical Standards (CoES) are all present to enforce internal control.	
3. Board approves the Internal Audit Charter	<b>COMPLIANT</b>	We have an Internal Audit Charter that was <b>approved by the Board</b> .	

**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 Management Framework Policy**. It shows the Board's oversight responsibility for the establishment of a sound enterprise risk management framework and how the Board is guided by the framework.

As a result of our **ERM Framework**, our Company was able to establish an ERM Process, Specific Risk Appetites, and a



1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.

**COMPLIANT**

Our **MCG** and **BCC** contain information on the Corporate Governance Committee, including its functions. The Nomination and Remuneration Committee Governance, Nomination, and is tasked to develop and recommend an effective

<p>3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.</p>	<p><b>COMPLIANT</b></p>	<p>The <b>Bio-Data/CV</b> submitted to the IC contains information on the Chairman of the Risk and Compliance Committee.</p>	
<p>4. At least one member of the BROCC has relevant thorough knowledge and experience in risk and risk management</p>	<p><b>COMPLIANT</b></p>	<p>The <b>Bio-Data/CV</b> of the Board of Directors contains information on the background, skills, and/or experience of the members of the Risk and Compliance Committee.</p>	

## Recommendation 4.1

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 **Minutes of the Meeting (MoM)**

1. The Board is composed of at least twenty percent (20%) independent directors

3.



<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>		

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies

**Recommendation 6.1**

<p>1. The Board conducts an annual assessment of its performance as a whole</p>	<p><b>COMPLIANT</b></p>	<p>Sections VIII.A. and XVI.C. of our <b>MCG</b> talk about this assessment. The exercise was done last March and April 2023, and the evaluation results will be discussed in our Corporate Governance, Nomination, and Remuneration Committee. The aggregated results will then be shared with the whole board.</p>	
<p>2. The performance of the Chairman is assessed annually by the Board</p>	<p><b>COMPLIANT</b></p>		
<p>3. The performance of the individual member of the Board is assessed</p>			

			Committee but no definite plans have been agreed upon.
<b>Recommendation 6.2</b>			

1. Board has in place a system that provides, at the minimum, criteria, and processes to determine the performance of the Board, individual directors, and committees.

**COMPLIANT**

Our **MCG** contains information on 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><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>	
<p><b>Recommendation 8.3</b></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 the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code</p>	<p><b>NON-COMPLIANT</b></p>		<p>Our new Performance Management System has been implemented, but we still need to document the procedures for setting board and executive compensation. Our HCMD will need to craft an additional policy, which will then be presented and reviewed by our Remuneration Committee (now known as the "Corporate Governance, Nomination, and Remuneration Committee").</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 the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code</p>	<p><b>NON-COMPLIANT</b></p>		<p>This new policy will ensure transparency in the remuneration-setting process and require disclosure of all fixed and variable compensation paid to directors and top management officers during the previous fiscal year, whether directly or indirectly.</p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>NON-COMPLIANT</b></p>		<p>We aim to have this new policy available by the <b>end of 2024</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>	
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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.

**COMPLIANT**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.

**COMPLIANT**

<p>1. Audit Committee Charter includes the</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<p><b>COMPLIANT</b></p>	<p>Our <b>BCC</b> contains the Company's Audit Committee Charter.</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility for reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p><b>COMPLIANT</b></p>	<p>Our <b>BCC</b> contains the Company's Audit Committee Charter.</p>	
<b>Recommendation 9.3</b>			
<p>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</p>	<p><b>COMPLIANT</b></p>	<p>There was <b>no</b> conflict of interest noted. External auditors were aware of this control.</p>	
<p>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</p>	<p><b>COMPLIANT</b></p>	<p>There was <b>no</b> conflict of interest noted. External auditors were aware of this control.</p>	

Principle 10: The Company should ensure that the material and reportable non-



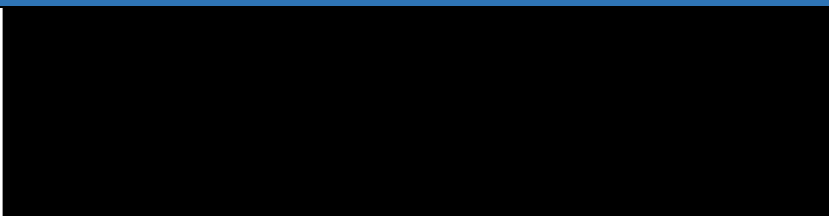


Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the Company should have a strong and effective internal control system and enterprise risk management framework.

**Recommendation 12.1**

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p><b>COMPLIANT</b></p>	<p>Details can be found in our <b>Internal Audit Department (IAD) Charter</b>. 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 frequency of review of the internal control system.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p><b>COMPLIANT</b></p>	<p>The process we use is derived from the <b>COSO ERM Framework</b> for our Enterprise Risk Management.</p> <p>Our <b>Enterprise Risk Management Framework</b> contains information on:</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes</li> <li>2. Key risks the Company is currently facing</li> <li>3. How the Company manages the key risks</li> </ol> <p>Every 1-2 years, we review our enterprise risk management framework.</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.



		discussed and listed on pages 5 to 7 of our IAD Charter. The function and duties of the Head of the IAD are almost the same as that of a CAE.	our Head of Internal Audit (IA) that occupies an executive position in our Company.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	<b>COMPLIANT</b>		

3.

		<b>reports to the Board Committee</b> on Risk and Compliance directly.	
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**Cultivating a Synergic Relationship with Shareholders**

Principle 13: The C

		<p>(d) A shorter period of notice of a Board meeting may be given if at least an FHCP Director and a Manager Director of that relevant Board agree in writing.</p> <p>(e) Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a Board 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</p>	
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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

2. The alternative dispute mechanism is included in the Company's Manual on Corporate Governance.	<b>NON-COMPLIANT</b>		The Board had discussed amending our <b>MCG</b> to include an alternative dispute resolution, but the topic has been put on hold.
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		<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**

1. Board establishes policies, programs, and procedures that

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the Company's culture.

**COMPLIANT**

We have **annual online training programs/modules** for them. We likewise have periodic email blasts on important updates to encourage feedback from the workforce.



1. Company recognizes and places importance on the

