



## CORPORATE GOVERNANCE MANUAL

TITLE

## Article I. Preamble and Purpose

Asian Care Health Systems, Inc. (“AsianCare” or the “Company”) is a privately owned health maintenance organization (HMO) organized and existing under Philippine laws.

This Corporate Governance Manual (“Manual”) establishes a framework to:

- Promote accountability, transparency, fairness, and integrity;
- Protect the interests of shareholders, members, healthcare providers, employees, and regulators;
- Ensure that the Company is managed in accordance with the Revised Corporation Code of the Philippines and applicable rules of the Insurance Commission and other regulators.

This Manual guides the Board, officers, and employees in the proper stewardship and control of the Company.

## Article II. Governance Structure

### Section 1 Executive Authority

The executive authority of the Company shall be vested exclusively in the two founding shareholders, who shall retain full and unified control over all management decisions, strategic direction, and operational execution. The Chief Executive Officer (CEO), shall exercise final decision-making authority on all executive matters, subject to applicable laws and fiduciary duties.

In recognition of the Company’s size and integrated leadership structure, the founders may concurrently hold multiple executive positions, provided such roles do not violate statutory prohibitions on incompatible functions. To preserve accountability and transparency, the Board shall ensure that appropriate checks and balances are maintained, particularly between those who authorize transactions and those who record or audit them.

This executive structure is reinforced by the Company’s governance provisions, which ensure that:

- The founders retain majority voting control in all board resolutions, either through shareholding or special provisions in the bylaws.
- Non-executive directors may participate in board meetings in an advisory capacity, unless otherwise authorized by the founders.
- No amendment to the bylaws or articles of incorporation that diminishes the founders’ executive authority shall be valid without their written consent.
- The founders hold veto power over any resolution that materially affects corporate control, management, or ownership.

This framework ensures continuity, strategic alignment, and the preservation of the founders’ vision while maintaining compliance with Philippine corporate governance standards.

### Section 2 Succession Planning and Board Composition

#### 2.1 Succession Planning

To ensure leadership continuity and organizational resilience, AsianCare Health Systems, Inc. maintains a succession framework that reflects its founder-led governance model. While the founding shareholders retain executive authority, the Company recognizes the importance of preparing for future transitions in key leadership roles.

- **Founders’ Oversight:** The founders shall identify and mentor potential successors for executive roles, ensuring alignment with the Company’s values, strategic direction, and governance principles.

- **Continuity Measures:** In the event of temporary or permanent incapacity of a founder, interim leadership shall be appointed in accordance with pre-established protocols, subject to the founders' prior written directives or shareholder agreements.

- **Talent Development:** The Company encourages internal capacity-building to develop future leaders who embody AsianCare's mission, values, and commitment to service excellence.

## 2.2 Board Composition

The Board of Directors is composed of individuals selected for their integrity, competence, and alignment with the Company's vision. Given AsianCare's scale and operational model:

- **Advisory Participation:** Non-executive directors may be appointed to provide independent perspectives and specialized expertise. Their roles shall be advisory in nature unless otherwise authorized by the founders.

- **Flexible Structure:** The Board may operate with a streamlined committee structure, with designated directors assuming oversight responsibilities in areas such as audit, risk, and compliance, consistent with good governance practices.

This structure ensures that AsianCare remains agile, founder-led, and strategically aligned, while upholding transparency, accountability, and regulatory compliance.

### Section 2.2.1 Fiduciary Duties of Directors

Each director shall:

- Act in good faith and in the best interests of the Company;
- Exercise due care, skill, and diligence in the performance of duties;
- Avoid conflicts of interest and promptly disclose any existing or potential conflict;
- Comply with the Company's Articles of Incorporation, By-Laws, this Manual, and applicable laws and regulations.

### Section 2.2.2 Corporate Officers

The Company shall have at least the following corporate officers: **President, Treasurer, and Corporate Secretary**

- President – must be a member of the Board;
- Treasurer – must be a resident of the Philippines;
- Corporate Secretary – must be a Filipino citizen and resident of the Philippines.

#### Section 2.2.2.1 Mandatory Requirements

- Must be a natural person (not a corporation or entity);
- Must be a Filipino citizen and resident of the Philippines;
- Must be at least 18 years old;
- Must own at least one share of stock in the corporation;
- Must be elected by the shareholders

### Section 2.2.3 Compliance Officer

If required by law or regulation (e.g., classification as a regulated entity or corporation vested with public interest), the Board shall appoint a Compliance Officer who shall:

- Oversee compliance with laws, regulations, and this Manual;
- Monitor adherence to regulatory requirements of the Insurance Commission and other agencies;
- Report directly to the Board or the Chairperson.

### Article III. Board Committees and Alternatives

#### Section 1 Policy on Board Committees

The Company recognizes the role of Board committees in enhancing governance, particularly in the areas of audit, risk management, and related-party transactions. However, due to its small scale and the fact that directors also perform executive functions, AsianCare may adapt its committee structure while maintaining the principles of good governance.

#### Section 2 Audit and Risk Oversight – Alternative Structure

##### Section 2.1 Rationale

Due to the Company's current size, resources, and the overlapping roles of directors who also perform executive functions, Asian Care Health Systems, Inc. does not maintain separate Audit and Risk Management Committees at this time. However, the **Company recognizes that audit and risk oversight are mandatory governance functions for an HMO**. To comply with regulatory principles while remaining practical for a small private corporation, the **Board of Directors, acting as a collegial body**, assumes the responsibilities typically assigned to an Audit Committee and a Board Risk Oversight Committee, with a **designated Lead Director for Audit and Risk**. The Company commits to constituting separate committees once its scale, complexity, or regulatory classification reasonably requires a more specialized committee structure.

##### Section 2.2 Full Board Acting as Audit and Risk Oversight Body

Instead of creating separate Audit and Risk Management Committees, the Company adopts the following arrangement:

- The full Board shall collectively perform the functions typically assigned to:
  - An Audit Committee, and
  - A Board Risk Oversight Committee.

In this capacity, the Board shall:

- Oversee the integrity of the Company's **financial reporting** and internal control systems;
- Oversee the Company's **risk management framework**, including strategic, financial, operational, clinical, and compliance risks;
- Review and approve the engagement and performance of the **external auditor**;
- Approve and periodically review the **internal audit plan** (whether in-house or outsourced).

The Company acknowledges that, when it reaches a certain scale or when required by regulators, it may reconstitute these functions into separate committees.

##### Section 2.3 Lead Director for Audit and Risk

The Board shall designate one non-executive or independent director, where available, as Lead Director for Audit and Risk, who shall:

- Coordinate Board discussions on financial reporting, internal controls, and risk management;

- Serve as primary liaison with the external auditor and internal audit function;
- Ensure that audit and risk issues are regular items on the Board agenda.

#### **Section 2.4 Internal Audit and Risk Management Support**

- The Company shall maintain an internal audit function, which may be:
  - A small internal unit; or
  - An outsourced internal audit provider reporting functionally to the Board.
- Management shall implement an enterprise risk management (ERM) process, including:
  - Maintaining a risk register;
  - Identifying and assessing key risks;
  - Proposing mitigation plans for Board review.

### **Article IV. Board Processes**

#### **Section 1. Meetings**

- The Board shall hold regular meetings at least quarterly, and special meetings as needed.
- Meetings may be conducted via remote communication as allowed by law and the By-Laws.

#### **Section 2. Quorum and Voting**

- A quorum is established when more than 50% of the total number of directors, based on their ownership or interest percentages, are present at the meeting.
- Board actions shall be decided by majority vote of the directors present, unless a higher threshold is required.

### **Article V. Internal Control, Risk Management, and Compliance**

#### **Section 1. Internal Control System**

Management shall design and maintain an internal control system that covers, at minimum:

- Premium billing and collection;
- Claims processing and provider payments;
- Cash management and investments;
- Member enrollment, eligibility, and plan setup;
- IT and data security.

#### **Section 2. Risk Management**

- The Company shall adopt a risk management process that includes:
  - Identification of key strategic, financial, operational, clinical, and compliance risks;
  - Annual or periodic risk assessment;
  - Documentation of risks in a risk register;
  - Development of risk mitigation measures and periodic monitoring.

### Section 3. Compliance

The Compliance Officer or designated officer shall:

- Monitor compliance with HMO regulations, Insurance Commission circulars, health regulations, tax and labor laws, and the Data Privacy Act;
- Coordinate with regulators and handle regulatory examinations and inspections;
- Prepare and submit required regulatory reports.

### Article VI. Disclosure and Transparency

The Company shall:

- Maintain accurate and complete books and records;
- Prepare annual audited financial statements in accordance with applicable accounting standards;
- Submit required reports to regulators (e.g., General Information Sheet, audited financial statements, regulatory returns) within prescribed deadlines;
- Provide shareholders with material information that is accurate, timely, and understandable, subject to confidentiality obligations.

### Article VII. Review and Amendment

- This Manual shall be reviewed **at least every two (2) years**, or earlier if legal/regulatory developments or changes in the Company's structure require it.
- Amendments shall be approved by the Board and, when required, communicated to the appropriate regulators.

## **CODE OF ETHICS / CODE OF CONDUCT**

### **AsianCare Health Systems, Inc.**

#### **1. Purpose**

This Code of Ethics / Code of Conduct (“Code”) sets out the minimum ethical standards and behavior expected from all directors, officers, and employees of AsianCare in their dealings with members, providers, co-workers, shareholders, regulators, and the public.

All are expected to:

- Uphold the reputation of AsianCare;
- Act with honesty, fairness, and professionalism;
- Comply with applicable laws, regulations, and company policies;
- Respecting confidentiality;
- Avoiding conflicts of interest;
- Promote accountability and inclusivity;
- Commit to continuous improvement;
- Encourage reporting of unethical behavior.

#### **2. Core Values**

- Integrity – We act honestly and honor our commitments
- Professionalism – We deliver competent, timely, and high-quality service
- Compassion – We treat members with empathy and respect
- Accountability – We take responsibility for our decisions and actions
- Respect – We value diversity, dignity, and the rights of others

#### **3. Conflicts of Interest**

- Directors, officers, and employees shall avoid situations where personal interests conflict or appear to conflict with the interests of the Company or its members.  
Examples include:
  - Having a financial interest in a supplier, provider, or competitor;
  - Using one’s position to obtain personal benefits or favors.
- Any actual or potential conflict shall be disclosed in writing to the immediate superior, the Compliance Officer, or the Board, as appropriate.
- A person with a conflict shall abstain from participating in decisions involving the matter.

#### **4. Confidentiality and Data Privacy**

- All personal, medical, and financial information relating to members, providers, and employees is confidential.
- Such information shall be:
  - Accessed only for legitimate business purposes;
  - Disclosed only to authorized persons;
  - Protected in accordance with the Data Privacy Act and company policies.
- Employees must not disclose or misuse confidential information during or after their employment with the Company.

## 5. Fair Dealing and Claims Handling

- Employees must treat all members and providers fairly and without discrimination.
- Claims shall be handled:
  - Promptly and objectively;
  - Based on medical necessity, plan coverage, and regulatory requirements;
  - Without undue delay, favoritism, or personal bias.
- Any attempt to influence claims decisions through improper payments or favors must be refused and reported.

## 6. Anti-Bribery, Gifts, and Hospitality

- The Company prohibits bribery and corrupt practices in any form.
- Employees shall not:
  - Offer, give, solicit, or accept any bribe, kickback, or improper payment;
  - Receive gifts, hospitality, or favors that may influence, or appear to influence, business decisions.
- Modest, customary business courtesies may be accepted only if:
  - Permitted under company policy;
  - Not excessive;
  - Properly declared and approved when thresholds are exceeded.

## 7. Use of Company Assets and Records

- Company resources, including funds, equipment, systems, and information, must be used solely for legitimate business purposes.
- Employees must:
  - Safeguard Company assets from loss, theft, or misuse;
  - Ensure that records and reports are accurate, complete, and not misleading;
  - Never falsify, alter, or destroy documents to conceal wrongdoing or mislead auditors or regulators.

## 8. Employment Practices and Workplace Conduct

- AsianCare is dedicated to maintaining a workplace that is safe, healthy, and respectful for every employee.
- Any form of discrimination, harassment, bullying, or abusive behavior is strictly prohibited and will not be tolerated.
- Employees are expected to:
  - Treat all colleagues with dignity, respect, and courtesy at all times
  - Comply fully with all health and safety policies and procedures to ensure a secure work environment
  - Avoid working while impaired by alcohol, illegal drugs, or any substances that could affect performance or safety
  - Foster a positive and inclusive workplace culture that values diversity and teamwork
  - Promptly report any unsafe conditions, misconduct, or violations of company policies
  - Uphold professionalism and integrity in all workplace interactions and responsibilities

## 9. Whistleblowing and Reporting Violations

- Directors, officers, employees, and external stakeholders are encouraged to report suspected violations of this Code, company policies, or applicable laws, including:
  - Fraud or theft;
  - Corruption or bribery;
  - Serious conflicts of interest;
  - Data privacy breaches;
  - Material regulatory violations.
- Reports may be made to:

- The immediate superior;
- The Compliance Officer;
- The President or Board Chairperson, as appropriate.
- The Company shall:
  - Investigate reports promptly and fairly;
  - Keep the identity of the reporter confidential to the extent possible;
  - Prohibit retaliation against anyone who reports in good faith.

## **10. Compliance and Sanctions**

- Adherence to this Code is a condition of continued employment or service.
- Violations may result in:
  - Verbal or written warnings;
  - Suspension;
  - Dismissal;
  - Civil or criminal action, where applicable.

## **11. Awareness, Training, and Acknowledgment**

- All directors, officers, and employees shall:
  - Be oriented on its contents upon hiring or appointment;
  - Participate in periodic ethics and compliance training.
- They shall sign an acknowledgment stating that they:
  - Have read and understood the Code;
  - Agree to comply with it;
  - Undertake to report any known or suspected violations.