

**ANNUAL CORPORATE GOVERNANCE REPORT OF
ASIANCARE HEALTH SYSTEMS INC.**

1. For the fiscal year ended December 31, 2025
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**CORPORATE GOVERNANCE REPORT (2025)
ASIANCARE HEALTH SYSTEMS, INC. (AHSI)**

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-term best interests of its shareholders and other stakeholders.

Recommendation 1.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p>COMPLIANT</p>	<p>AHSI has five (5) members of the board of directors with combined experience in the medical and insurance field specifically with health maintenance organization. Two (2) of the current sitting members of the board have background and work-related experience in health maintenance organizations.</p> <p>For the qualification standards and selection of the members of the board, see Articles III and IV of the AHSI. By-laws.</p>	<p>The AHSI Board will proactively pursue training and development related to insurance and HMOs to be undertaken by the members of the board to further enhance their knowledge and capability in managing the operations and realizing the goals of the company.</p>

<p>2. The Board has an appropriate mix of competence and expertise</p>	<p>COMPLIANT</p>	<p>AHSI Board is composed of qualified directors with related expertise and experience in the field of HMO's and competence in the medical field and entrepreneurship and quality management system.</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p>COMPLIANT</p>	<p>The members of the board are competent and qualified individually and highly effective in overseeing management and governance of the corporation collectively.</p>	
<p>Recommendation 1.2</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>The majority of the Board members are non-executive directors.</p>	
<p>Recommendation 1.3</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>		<p>All newly elected directors are required to attend corporate governance seminars conducted by accredited providers.</p>

<p>2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors</p>	<p>COMPLIANT</p>		<p>AHSI's VP for Quality Management is back by seminars and trainings on AMLC from accredited providers including its Compliance Officer.</p>
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>		<p>AHSI has crafted and adopted its Corporate Governance Manual, which serves as a key reference for governance practices. Currently, the AHSI Board, to give newly-elected members of the board the edge and familiarity with the operation of AHSI, requires members of the board to periodically attend to corporate governance and HMO-related seminars and trainings.</p>
<p>Recommendation 1.4</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Board has a policy on board diversity</p>	<p>COMPLIANT</p>	<p>AHSI recognizes the importance of diversity among the members of the board which encourages important and critical decision while ensuring every aspect and perspectives are taken in to the decision-making process. Diversity in the board is manifested through difference in knowledge, experience, gender,</p>	<p>The AHSI Board is guided by the basic precepts of equality and does not tolerate discrimination based on difference of views, knowledge, experience, gender, sexual orientation, age, religion, education, race and creed.</p>

		sexual orientation, age, religion, education, race, business and other related expertise which are taken together to form a well-informed and encompassing decision-making process.	
Recommendation 1.5	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board is assisted by a Corporate Secretary	COMPLIANT	AHSI's Corporate Secretary is Joseph Robert D. Wolfe.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	AHSI's Corporate Secretary is a separate individual from the company's Compliance Officer.	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	The Corporate Secretary is a member of the board with no executive functions.	Advisory Participation: Non-executive directors may be appointed to provide independent perspectives and specialized expertise.
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	AHSI requires the corporate secretary to attend trainings on corporate governance to ensure that he/she is updated on all laws and regulations and issuances relevant to his/her duties and will require the presentation of necessary training/seminar certificates as proof.	

Recommendation 1.6	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board is assisted in its duties by a Compliance Officer.	COMPLIANT	The AHSI Board is aided by a compliance officer in the person of Atty. Sonia Tamondong.	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	Atty. Sonia Tamondong is the Chief Legal Counsel of AHSI.	
3. Compliance Officer is not a member of the Board of Directors.	COMPLIANT	AHSI's compliance officer is not a member of the Board.	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	AHSI's Corporate Governance Manual requires all officers to attend periodic ethics and compliance trainings.	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Directors act on a fully informed basis, in good faith, with due	COMPLIANT	The AHSI Board of Directors pursue and act on a fully informed basis, in good faith, with due diligence and care, and	Summary of Board Meetings.

<p>diligence and care, and in the best interest of the company</p>		<p>in the best interest of the company. The Board acts for and in behalf of the interest of all stockholders and the company as a whole.</p>	
<p>Recommendation 2.2</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Board oversees the development, review and approval of the company’s business objectives and strategy.</p>	<p>COMPLIANT</p>		<p>The AHSI Board oversees the development, review and approval of the company’s objectives and strategy. Please refer to Section 1, Article III of AHSI’s By-Laws.</p>
<p>2. Board oversees and monitors the implementation of the company’s business objectives and strategy in order to sustain the company’s long-term viability and strength.</p>	<p>COMPLIANT</p>		<p>The AHSI Board of Directors oversees and monitors the implementation of the company’s business objectives and strategy in order to sustain the company’s long-term viability and strength. Please refer to Section 1, Article III of AHSI’s By-Laws.</p>

Recommendation 2.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board is headed by a competent and qualified Chairperson	COMPLIANT	AHSI Board Chairperson is Arlene L. Aguilar. She also acts as the Chief Executive Officer of AHSI with proven background and expertise in the HMO industry.	
Recommendation 2.4	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<p>The AHSI Board of Directors ensures and adopts an effective succession planning program for directors, key officers and management.</p> <p>Please refer to Section 3, Article III and Section 8, Article IV of AHSI’s By-Laws; and Section 2, Article II of AHSI’s Corporate Governance Manual for more information for more information on the process.</p>	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	Please refer to Section 3, Article III and Section 8, Article IV of AHSI’s By-Laws for more information on the process.	

Recommendation 2.5	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board formulates and adopts a policy specifying the relationship remuneration and performance of key officers and board members.</p>	<p>COMPLIANT</p>	<p>Employees of AHSI, including officers and directors, if qualified may be entitled to annual bonuses and other incentives or compensation plans.</p> <p>Please refer to Section 1 (g), Article III of AHSI By-Laws.</p>	<p>These bonuses and other incentives are yet to be reduced to a concrete policy. AHSI will include a provision regarding this recommendation in revision of its Corporate Governance Manual.</p>
<p>2. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>COMPLIANT</p>	<p>The remuneration of the board members and other key officers of AHSI are implemented with the interest of the company at its core.</p> <p>For reference, please refer to Section 8 of Article III and Section 9, Article IV for the remuneration of the members of the board and corporate officers respectively, provided under AHSI's By-Laws.</p>	
<p>3. Directors do not participate in deliberations involving his/her own remuneration.</p>	<p>COMPLIANT</p>	<p>Aside from the <i>per diem</i> allowance of the members of the board for attendance to meetings, the compensation of AHSI's board members provided under Section 8, Article III of AHSI's By-Laws.</p>	<p>The compensation of the members of the board is subject to the approval of at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.</p>

Recommendation 2.6	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	AHSI has a formal and transparent board election policy. Please refer to Section 2, Article III of AHSI's By-Laws.	AHSI shall include the recommendation of nomination policy in the contents of its Corporate Governance Manual.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		AHSI shall include the recommendation of nomination policy in the contents of its Corporate Governance Manual.
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	COMPLIANT		AHSI shall include the recommendation on the inclusion of policy relative to the nominations from minority shareholders in the contents of its Corporate Governance Manual.
4. Board nomination and election policy includes how the board reviews nominated candidates.	NON-COMPLIANT		AHSI shall include the recommendation on the inclusion of policy on the review of nominated candidates in the contents of its Corporate Governance Manual.
5. Board nomination and election policy includes an assessment of the	COMPLIANT	The assessment of the effectiveness of the Board's processes in the	AHSI shall include in the revision of its Corporate

<p>effectiveness of the Board’s processes in the nomination, election or replacement of a director.</p>		<p>nomination, election or replacement of a director is done through the board and analyzed on a case-to-case basis taking into consideration AHSI’s By-Laws and Articles of Incorporation and the relevant facts and circumstances at the time of nomination, election or replacement of a director.</p>	<p>Governance Manual the recommendation on the inclusion of policy on review of nominated candidates.</p>
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>	<p>AHSI have confidence that directors who have expertise, experience and knowledge in corporate governance more particularly in the HMO sector best supports AHSI’s strategic direction.</p>	<p>AHSI shall include in the revision of its Corporate Governance Manual the recommendation on the inclusion of process to identify the quality of directors aligned with the strategic direction of the company.</p>
<p>Recommendation 2.7</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>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.</p>	<p>NOT-APPLICABLE</p>	<p>AHSI does not have transactions or dealings pertaining to other parties except “advances from shareholders” regardless whether or not a price is charged.</p>	

<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>NOT APPLICABLE</p>	<p>AHSI does not have transactions or dealings pertaining to other parties except "advances from shareholders" regardless whether or not a price is charged.</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>NOT APPLICABLE</p>	<p>AHSI does not have transactions or dealing pertaining to other parties except "advances from shareholders" regardless whether or not a price is charged.</p>	
<p>Recommendation 2.8</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Board is primarily responsible for approving the selection 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>COMPLIANT</p>	<p>The AHSI Board is responsible for approving the selection of Management led by the CEO. Please refer to Section 1, Article IV of AHSI's By-Laws.</p> <p>With regards to AHSI's Audit Executive, the audit is conducted by and contracted out by the company through the external auditor pursuant to Section 1, Article VI of AHSI's By-Laws</p>	

<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>COMPLIANT</p>	<p>The AHSI Board approves corporate objectives and policies, long range projects, plans and programs of the company as reported by the CEO/President.</p>	
<p>Recommendation 2.9</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>AHSI Board is guided by a performance management framework to monitor the performance of its members, including the CEO, that they are up to standards set by the board.</p>	
<p>2. Board establishes an effective performance management framework that</p>	<p>COMPLIANT</p>	<p>Employees of AHSI, including officers and directors, if qualified may be entitled to annual bonuses and other incentives or compensation plans.</p>	

<p>ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>		<p>The evaluation of performance of the employees of AHSI is monitored in relation to their functions and responsibilities which in turn are considered in the grant of annual bonuses and other incentives or compensation plans.</p> <p>Please refer to Section 1 (g), Article III of AHSI By-Laws.</p>	
<p>Recommendation 2.10</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>The AHSI Board exercises all corporate powers including internal control systems in place and the formulation of rules and regulations that governs the company.</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members, and shareholders.</p>	<p>COMPLIANT</p>	<p>The AHSI Board exercises all corporate powers including internal control systems in place and the formulation of rules and regulations that governs the company.</p>	

<p>3. Board approves the internal audit charter.</p>	<p>COMPLIANT</p>	<p>The AHSI Board exercises all corporate powers including internal control systems in place and the formulation of rules and regulations that governs the company.</p>	
<p>Recommendation 2.11</p>	<p>COMPLIANT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>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.</p>	<p>COMPLIANT</p>	<p>The AHSI Board exercises all corporate powers including internal control systems in place and the formulation of rules and regulations that governs the company.</p>	<p>Please refer to Section 1 & 2, Article III and Section 2, Article IV of AHSI’s Corporate Governance Manual for more information.</p>
<p>2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>COMPLIANT</p>	<p>The AHSI Board exercises all corporate powers including internal control systems in place and the formulation of rules and regulations that governs the company.</p>	<p>Please refer to Section 1 & 2, Article III and Section 2, Article IV of AHSI’s Corporate Governance Manual for more information.</p>

Recommendation 2.12	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.</p>	<p>COMPLIANT</p>	<p>All corporate powers of AHSI are exercised, all business conducted and all property of the corporation controlled and held by the Board.</p> <p>For reference, please refer to Section 1, Article III of AHSI’s By-Laws.</p>	<p>All corporate powers of AHSI are exercised, all business conducted and all property of the corporation controlled and held by the Board who are able to function efficiently on all business matters.</p> <p>For reference, please refer to Section 1, Article III of AHSI’s By-Laws.</p>
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>COMPLIANT</p>		<p>All corporate powers of AHSI are exercised, all business conducted and all property of the corporation controlled and held by the Board who are able to function efficiently on all business matters.</p> <p>For reference, please refer to Section 1, Article III of AHSI’s By-Laws.</p>
<p>3. Board Charter is publicly available and posted on the company’s website.</p>	<p>COMPLIANT</p>	<p>Posted on www.asiancareph.com</p>	

Principle 3: Board committees should set up to the extent possible to support the effective performance of the Board’s functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>NON-COMPLIANT</p>		<p>All corporate powers of AHSI are exercised, all business conducted and all property of the corporation controlled and held by the Board who are able to function efficiently on all business matters.</p> <p>For reference, please refer to Section 1, Article III of AHSI’s By-Laws.</p>
Recommendation 3.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board establishes an Audit Committee to enhance capability over the company’s financial reporting, internal control system, internal and external audit processes, and</p>	<p>COMPLIANT</p>	<p>AHSI 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, AHSI may</p>	<p>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</p>

<p>compliance with applicable laws and regulations.</p>		<p>adapt its committee structure while maintaining the principles of good governance.</p>	<p>assigned to an Audit Committee and a Board Risk Oversight Committee, with a designated Lead Director for Audit and Risk.</p>
<p>2. Audit committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>NON-COMPLIANT</p>	<p>AHSI 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, AHSI may adapt its committee structure while maintaining the principles of good governance.</p>	<p>See Section 1 – Policy on Board Committees and Section 2 Audit and Risk Oversight – Alternative Structure, Article III of AHSI Corporate Governance Structure for more information on the process.</p>
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. 4.</p>	<p>COMPLIANT</p>		
<p>5. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>		

Recommendation 3.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>	<p>NON-COMPLIANT</p>	<p>AHSI 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, AHSI may adapt its committee structure while maintaining the principles of good governance.</p>	<p>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.</p>
<p>2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.</p>	<p>NON-COMPLIANT</p>		
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>NON-COMPLIANT</p>		

Recommendation 3.4	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>NON-COMPLIANT</p>	<p>AHSI 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, AHSI may adapt its committee structure while maintaining the principles of good governance.</p>	<p>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.</p>
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>NON-COMPLIANT</p>		<p>See Section 1 – Policy on Board Committees and Section 2 Audit and Risk Oversight – Alternative Structure, Article III of AHSI Corporate Governance Structure for more information on the process.</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>		
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>NON-COMPLIANT</p>		

Recommendation 3.5	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. The Board establishes a Related Party Transactions (RPT) Committee which is tasked with reviewing all material related party transactions of the company.</p>	<p>NOT APPLICABLE</p>	<p>AHSI does not have transactions or dealings pertaining to other parties except "advances from shareholders" regardless whether or not a price is charged.</p>	
<p>2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.</p>	<p>NOT APPLICABLE</p>	<p>AHSI does not have transactions or dealings pertaining to other parties except "advances from shareholders" regardless whether or not a price is charged.</p>	
Recommendation 3.6	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. All established committee have a Committee Charters stating in plain term their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>NON-COMPLIANT</p>	<p>Due to the Company's current size, resources, and the overlapping roles of directors who also perform executive functions, AHSI does not maintain separate committees at this time.</p>	<p>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</p>

<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>NON-COMPLIANT</p>		<p>Audit and Risk. See Section 1 – Policy on Board Committees and Section 2 Audit and Risk Oversight – Alternative Structure, Article III of AHSI Corporate Governance Structure for more information on the process.</p>
<p>3. Committee Charters were fully disclosed on the company’s website.</p>	<p>COMPLIANT</p>		<p>The Board of Directors, acting as a collegial body, assumes the responsibilities typically assigned to committees, as explained above are fully disclosed on the company’s website.</p>

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.

<p>Recommendation 4.1</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. The Director attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele-</p>	<p>COMPLIANT</p>		

<p>/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>			
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The directors are required to exercise due diligence in preparation for board meetings to efficiently, productively and actively perform their duties and contribute in the discussion of the board.</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The directors are required to exercise due diligence in preparation for board meetings to efficiently, productively and actively perform their duties and contribute in the discussion of the board.</p>	
<p>Recommendation 4.2</p>	<p>COMPLIANT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>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,</p>	<p>COMPLIANT</p>	<p>AHSI has no non-executive directors who are concurrently serving Insurance Commission Regulated Entities (ICREs) and publicly-listed companies</p>	

challenge Management’s proposal/views, and oversee the long-term strategy of the company.			
Recommendation 4.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. The directors notify the company’s board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT	All members of the AHSI Board are not employed or connected in any capacity to any company or regulated entities under the Insurance Commission beside AHSI.	However, the AHSI Board will adopt the recommendation and draft a policy of disclosure of directorship in other companies in the formulation of its Board Charter should the need arise in future dealings.

Principle 5: The board should endeavour to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. The Board is composed of at least twenty percent (20%) independent directors.	COMPLIANT	AHSI does not have any independent directors.	The AHSI Board exercises overall control over the company’s financial reporting and external processes and compliance with applicable laws and regulations. AHSI does not have independent directors.

Recommendation 5.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p>COMPLIANT</p>	<p>AHSI does not have any independent directors.</p>	<p>The AHSI Board exercises overall control over the company's financial reporting and external processes and compliance with applicable laws and regulations.</p> <p>AHSI does not have independent directors.</p>
Recommendation 5.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>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</p>	<p>COMPLIANT</p>	<p>AHSI does not have any independent directors.</p>	<p>The AHSI Board exercises overall control over the company's financial reporting and external processes and compliance with applicable laws and regulations.</p> <p>AHSI does not have independent directors.</p>

<p>2016.</p> <p>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.</p>			
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>AHSI does not have any independent directors.</p>	<p>The AHSI Board exercises overall control over the company’s financial reporting and external processes and compliance with applicable laws and regulations.</p> <p>AHSI does not have independent directors.</p>
<p>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 shareholder’ approval during the annual</p>	<p>COMPLIANT</p>	<p>AHSI does not have any independent directors.</p>	<p>The AHSI Board exercises overall control over the company’s financial reporting and external processes and compliance with applicable laws and regulations.</p> <p>AHSI does not have independent directors.</p>

shareholders' meeting.			
Recommendation 5.4	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	NON-COMPLIANT	The Chairman of the Board and CEO is held by one individual. However, the President is held by another individual.	AHSI Board, as a whole, decides matters on a majority vote.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	NON-COMPLIANT	The Chairman of the Board and CEO is held by one individual.	AHSI Board, as a whole, decides matters on a majority vote.
Recommendation 5.5	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.	COMPLIANT		The AHSI Board exercises overall control over the company's financial reporting and external processes and compliance with applicable laws and regulations. AHSI does not have independent directors but will consider the recommendation in order for the Board to perform its functions more objectively.

Recommendation 5.6	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<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>AHSI Board, as a whole, decides matters on a majority vote and matters affecting conflict of interest from members of the board are dealt with abstention by the concerned member.</p>
Recommendation 5.7	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<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 AHSI Board exercises overall control over the company’s financial reporting and external processes and compliance with applicable laws and regulations.</p> <p>AHSI Board does not have independent directors.</p>
<p>2. The meetings are chaired by the lead independent director.</p>	<p>COMPLIANT</p>	<p>AHSI Board does not have independent directors.</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	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. The Board conducts an annual assessment of its performance as a whole.	COMPLIANT	AHSI and the Board mandates the conduct of external and internal audit procedures to gauge the company’s overall annual performance.	
2. The performance of the Chairman is assessed annually by the Board.	COMPLIANT	The Board conducts and prepares yearly report, evaluation, financial report and risk management.	
3. The performance of the individual member of the Board is assessed annually by the Board.	COMPLIANT	The Board conducts and prepares yearly report, evaluation, financial report and risk management.	
4. The performance of each committee is assessed annually by the Board.	COMPLIANT	The Board conducts and prepares yearly report, evaluation, financial report and risk management.	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	The Board conducts and prepares yearly report, evaluation, financial report and risk management.	

Recommendation 6.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	The Board conducts and prepares yearly report, evaluation, financial report and risk management.	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The shareholders of AHSI are free to submit and voice their concerns to any or all members of the board. AHSI values the principle of fairness and healthy discourse.	

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	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as	COMPLIANT	The AHSI Board acts and performs its duties professionally, ethically, and with due diligence in the conduct of its operations and in internal and external dealings of the company.	The AHSI’s Code of Ethics / Code of Conduct (“Code”) sets out the minimum ethical standards and behavior expected from all directors, officers, and employees of

articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.			AHSI in their dealings with members, providers, co-workers, shareholders, regulators, and the public.
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The AHSI Board acts and performs its duties professionally, ethically, and with due diligence in the conduct of its business operations and in internal and external dealings of the company.	The AHSI's Code of Ethics / Code of Conduct ("Code") sets out the minimum ethical standards and behavior expected from all directors, officers, and employees of AHSI in their dealings with members, providers, co-workers, shareholders, regulators, and the public.
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	The AHSI's Code of Ethics / Code of Conduct is available in the company's website.	
Recommendation 7.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	The Board, through the President of the company, have general supervision and management of the business affairs of the corporation and compliance with the internal policies of the company. Please refer to Section 3, Article VI of AHSI's By-Laws.	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<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, result and business operations.</p>	<p>COMPLIANT</p>	<p>The AHSI Board values transparency and disclosures of its financial position and business operations and provides regular updates to its shareholders in the interest of the company as a whole.</p>	<p>See Article IV of AHSI's Corporate Governance Manual for more information on the process.</p>
Recommendation 8.3 <i>(sic)</i>	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience</p>	<p>COMPLIANT</p>	<p>The AHSI Board values transparency and disclosures of its financial position and business operations and provides regular updates to its shareholders in</p>	<p>See Article IV of AHSI's Corporate Governance Manual for more information on the process.</p>

<p>and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>		<p>the interest of the company as a whole.</p>	
<p>Recommendation 8.4</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</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.</p>	<p>COMPLIANT</p>	<p>Please refer to Section 8, Article III and Section 9, Article IV of AHSI’s By-Laws.</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>COMPLIANT</p>	<p>Please refer to Section 8, Article III and Section 9, Article IV of AHSI’s By-Laws.</p>	<p>AHSI will consider the recommendation and include a provision in the revision of its Corporate Governance Manual consistent with the ACGS and the Revised Corporation Code.</p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>COMPLIANT</p>	<p>The remuneration, termination and retirement policies of AHSI are embodied under Sections 3 and 8, Article III and Sections 8 and 9, Article IV of AHSI’s By-Laws.</p>	<p>However, disclosure of said remuneration on an individual basis is yet to be adopted as a policy pending the issuance of necessary governing regulation.</p>

Recommendation 8.5	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions</p>	<p>COMPLIANT</p>	<p>The AHSI Board values transparency and disclosures of its financial position and business operations and provides regular updates to its shareholders in the interest of the company as a whole</p>	<p>AHSI does not have transactions or dealings pertaining to other parties except “advances from shareholders regardless whether or not a price is charged.</p>
<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 majority vote of the stockholders in the annual stockholders’ meeting during the year.</p>	<p>COMPLIANT</p>	<p>The AHSI Board values transparency and disclosures of its financial position and business operations and provides regular updates to its shareholders in the interest of the company as a whole</p>	<p>AHSI does not have transactions or dealings pertaining to other parties except “advances from shareholders regardless whether or not a price is charged.</p> <p>As to the advances, they are disclosed in the annual financial statements of AHSI. However, it is yet to be the subject of incorporation with the ACGR of AHSI and submitted for confirmation by majority vote of the stockholders.</p>

Recommendation 8.7 (sic)	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Company’s corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT		AHSI’s corporate governance policies, programs and procedures are contained in its Corporate Governance Manual.
2. Company’s MCG is posted on its company website.	COMPLIANT		

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.

Recommendation 9.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT		The AHSI Board exercises overall control over the company’s financial reporting and external processes and compliance with applicable laws and regulations including the functions of an Audit Committee.

<p>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.</p>	<p>COMPLIANT</p>	<p>The appointment of an external auditor is conducted at the regular stockholders meeting.</p> <p>The remuneration of the external auditor/s is determined by the board.</p> <p>Please refer to Section 1, Article VI of AHSI’s By-Laws.</p>	
<p>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 disclosure.</p>	<p>COMPLIANT</p>	<p>Removal or change of external auditor are quality-based and time-based on the timeliness of the submission of the audit report.</p>	<p>No specific policy is in place for the removal of an external auditor.</p> <p>The AHSI Board performs these functions as it is the repository of corporate powers.</p>
<p>Recommendation 9.2</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Audit Committee Charter includes the Audit Committee’s responsibility on:</p> <p>I. Assessing the integrity and independence of external auditors;</p> <p>II. Exercising effective</p>	<p>COMPLIANT</p>	<p>The Full Board Acting as Audit and Risk Oversight Body</p> <p>Instead of creating separate Audit and Risk Management Committees, AHSI adopts the following arrangement:</p> <ul style="list-style-type: none"> • The full Board shall collectively perform the functions typically assigned to: 	<p>In this capacity, the Board shall:</p> <ul style="list-style-type: none"> • Oversee the integrity of the Company’s financial reporting and internal control systems; • Oversee the Company’s risk management framework, including strategic, financial,

<p>oversight to review and monitor the external auditor’s independence and objectivity;</p> <p>III. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippines professional and regulatory requirements.</p>		<ul style="list-style-type: none"> ○ An Audit Committee, and ○ A Board Risk Oversight Committee. 	<p>operational, clinical, and compliance risks;</p> <ul style="list-style-type: none"> • Review and approve the engagement and performance of the external auditor; • Approve and periodically review the internal audit plan (whether in-house or outsourced). <p>The Company acknowledges that, when it reaches a certain scale or when required by regulators, it may reconstitute these functions into separate committees.</p>
<p>2. Audit Committee Charter contains the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.</p>	<p>COMPLIANT</p>	<p>The Full Board Acting as Audit and Risk Oversight Body</p> <p>Instead of creating separate Audit and Risk Management Committees, AHSI adopts the following arrangement:</p> <ul style="list-style-type: none"> • The full Board shall collectively perform the functions typically assigned to: 	<p>In this capacity, the Board shall:</p> <ul style="list-style-type: none"> • Oversee the integrity of the Company’s financial reporting and internal control systems; • Oversee the Company’s risk management framework, including strategic, financial,

		<ul style="list-style-type: none"> ○ An Audit Committee, and ○ A Board Risk Oversight Committee. 	<p>operational, clinical, and compliance risks;</p> <ul style="list-style-type: none"> • Review and approve the engagement and performance of the external auditor; • Approve and periodically review the internal audit plan (whether in-house or outsourced). <p>The Company acknowledges that, when it reaches a certain scale or when required by regulators, it may reconstitute these functions into separate committees.</p>
Recommendation 9.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	The external auditor did not perform non-audit procedures in AHSI's Annual Report that would raise a potential conflict of interest.	

<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>COMPLIANT</p>		<p>The AHSI Board exercises overall control over the company's financial reporting and external processes and compliance with applicable laws and regulations including the functions of an Audit Committee.</p> <p>AHSI will take the recommendation into consideration in the revision of its Corporate Governance Manual.</p>
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

<p>Recommendation 10.1</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>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.</p>	<p>COMPLIANT</p>		<p>The AHSI will consider formulating policies on the disclosure of non-financial information of the company.</p>

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT		AHSI is following the globally recognized framework in its Annual Report.
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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 other interested users.

Recommendation 11.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. The company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT	AHSI’s company website is provided in the link below. http://www.asiancareph.com/	

Principle 12: To ensure the 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	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The company functions and performs its operations based on a strict and efficient internal control system through the board and management.	

<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The company functions and performs its operations based on a strict and efficient internal control system through the board and management.</p>	
<p>Recommendation 12.2</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designated to add consulting services designed to add value and improve the company's operations.</p>	<p>COMPLIANT</p>		<p>The Board designates one non-executive or independent director, where available, as Lead Director for Audit and Risk, who shall:</p> <ul style="list-style-type: none"> • Coordinate Board discussions on financial reporting, internal controls, and risk management; • Serve as primary liaison with the external auditor and internal audit function; <p>Ensure that audit and risk issues are regular items on the Board agenda.</p>
<p>Recommendation 12.3</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<p>1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>COMPLIANT</p>		<p>The Board designates one non-executive or independent director, where available, as Lead Director for Audit and</p>

			<p>Risk, who shall:</p> <ul style="list-style-type: none"> • Coordinate Board discussions on financial reporting, internal controls, and risk management; • Serve as primary liaison with the external auditor and internal audit function; <p>Ensure that audit and risk issues are regular items on the Board agenda. Section 2.3, Article III of the Corporate Governance Manual</p>
<p>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.</p>	<p>COMPLIANT</p>		<p>The Board designates one non-executive or independent director, where available, as Lead Director for Audit and Risk, who shall:</p> <ul style="list-style-type: none"> • Coordinate Board discussions on financial reporting, internal controls, and risk management; • Serve as primary liaison with the external auditor and internal audit function; <p>Ensure that audit and risk issues are regular items on</p>

			the Board agenda. Section 2.3, Article III of the Corporate Governance Manual
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT		AHSI has no outsourced internal audit activity but would consider the recommendation and include provisions in its Corporate Governance Manual
Recommendation 12.4	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The company has no separate risk management function to identify, assess and monitor key risk exposures of AHSI.	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. See Section 2 (Audit and Risk Oversight – Alternative Structure, Article III of the Corporate Governance Manual for more information.

Recommendation 12.5	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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).</p>	<p>COMPLIANT</p>	<p>AHSI has a Lead Director for Audit and Risk acting as Chief Risk Officer</p>	<p>The Board shall designate one non-executive or independent director, where available, as Lead Director for Audit and Risk, who shall:</p> <ul style="list-style-type: none"> • 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. <p>See Section 2.3, Article III of the Corporate Governance Manual</p>
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>	<p>AHSI has a Lead Director for Audit and Risk acting as Chief Risk Officer</p>	<p>The Board shall designate one non-executive or independent director, where available, as Lead Director for Audit and Risk, who shall:</p> <ul style="list-style-type: none"> • Coordinate Board discussions on financial

			<p>reporting, internal controls, and risk management;</p> <ul style="list-style-type: none"> • 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. <p>See Section 2.3, Article III of the Corporate Governance Manual</p>
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Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	The rights of the stockholders are embodied in the company's by-laws.	The AHSI Board shall formulate a detailed and specific policy to be included in the company's corporate governance manual
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	The rights of the stockholders are embodied in the company's by-laws.	The AHSI Board shall formulate a detailed and specific policy to be included in the company's corporate governance manual and publish it in the company's website once available.

Recommendation 13.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.</p>	<p>COMPLIANT</p>	<p>A copy of Annual Stockholder's Meeting from the Corporate Secretary given to the stockholders at least 30 days before the meeting.</p>	
Recommendation 13.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>	<p>COMPLIANT</p>		<p>All result of votes taken during the most recent annual or special shareholders meeting available publicly the next working day.</p>
<p>2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within</p>	<p>COMPLIANT</p>		<p>All minutes of the meeting taken during the most recent annual or special shareholders meeting available publicly within five business days from</p>

five business days from the end of the meeting.			the end of the meeting.
Recommendation 13.4	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board has an alternate dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	The AHSI Board exercises the power to enter into compromise in which the corporation or its officers are parties in connection with the business of the corporation.	This recommendation will be considered in the revision of the company's corporate governance manual.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	The AHSI Board exercises the power to enter into compromise in which the corporation or its officers are parties in connection with the business of the corporation.	This recommendation will be considered in the revision of the company's corporate governance manual.

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	AHSI has a framework respecting rights of stakeholders in place. This bounden duty is embedded both in the corporate structure through: the Articles of Incorporation, By-Laws, and Corporate Governance Manual, and in the contracts executed with the stakeholders.	

Recommendation 14.2	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Both AHSI and the Board ensures that its operations and relationship with AHSI stakeholders are pursuant to established laws, rules and regulations.	
Recommendation 14.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.	COMPLIANT	AHSI and the Board is open and accepting of any communication and ensures that reports of violations to obtain redress are acted upon.	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company’s goals and participate in its corporate governance processes.

Recommendation 15.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board establishes policies, programs and	COMPLIANT	The core of the company’s operations is based on transparency and	AHSI’s Code of Ethics / Code of Conduct details the whistle

<p>procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>		<p>accountability which eliminates if not strongly discourages corrupt and illegal activities.</p> <p>The company's bonus, profit sharing and other types of incentives or compensation plan for employees are geared towards encouraging its employees to perform above standards and actively participate in realizing the goals of the company.</p>	<p>blowing and reporting policies.</p>
<p>Recommendation 15.2</p>	<p>COMPLAINT / NON-COMPLIANT</p>	<p>ADDITIONAL INFORMATION</p>	<p>EXPLANATION</p>
<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>COMPLIANT</p>	<p>The core of the company's operations is based on transparency and accountability which eliminates if not strongly discourages corrupt and illegal activities.</p>	<p>Anti-corruption policy and program are embedded in AHSI's Code of Ethics / Code of Conduct.</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>COMPLIANT</p>	<p>AHSI's Code of Ethics / Code of Conduct are disseminated to all employees across the organization.</p>	

Recommendation 15.3	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<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>COMPLIANT</p>	<p>The AHSI Board strictly conforms to established laws, rules and regulations governing its operations. To this end, reports of violations voiced out or communicated by its employees are always considered, encouraged, protected without fear of retaliation.</p> <p>Moreover, the company encourages whistleblowing in order to rid the company of unscrupulous and illegal activities detrimental to the company and the community as a whole.</p>	<p>Whistle blowing and reporting policies are embedded AHSI's Code of Ethics / Code of Conduct.</p>
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>COMPLIANT</p>	<p>The AHSI Board strictly conforms to established laws, rules and regulations governing its operations. To this end, reports of violations voiced out or communicated by its employees are always considered, encouraged, protected without fear of retaliation.</p> <p>These reports or communications may be course through the board as a whole or through any member of the board.</p> <p>Moreover, the company encourages whistleblowing in order to rid the</p>	<p>Whistle blowing and reporting policies are embedded AHSI's Code of Ethics / Code of Conduct.</p>

		company of unscrupulous and illegal activities detrimental to the company and the community as a whole.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	<p>The AHSI Board strictly conforms to established laws, rules and regulations governing its operations. To this end, reports of violations voiced out or communicated by its employees are always considered, encouraged, protected without fear of retaliation.</p> <p>Moreover, the company encourages whistleblowing in order to rid the company of unscrupulous and illegal activities detrimental to the company and the community as a whole.</p>	Whistle blowing and reporting policies are embedded AHSI's Code of Ethics / Code of Conduct.

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1	COMPLAINT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Company recognizes and places importance on the interdependence between business and society, and promotes a	COMPLIANT	The company's directions and interest are coherently entangled and intertwined with the end view of advancement of the society as a whole.	

<p>mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>			
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