

CORPORATE GOVERNANCE
PRINCIPLES AND POLICIES



EASTWEST
HEALTHCARE, INC.

I. POLICY STATEMENT

The Board of Directors of Eastwest Healthcare, Inc. (the “Company”) is committed to the principles of good corporate governance in compliance with the recommended best practices for HMO companies and relevant rules, regulations and guidelines of the Insurance Commission and other regulatory agencies. In addition, the Company aims to attain the highest standards and best practices in the adoption and implementation of sound principles of corporate governance.

II. GOVERNING PRINCIPLES AND POLICIES

The Board of Directors of the Company believes that a primary responsibility of the directors is to provide effective governance over the Company's affairs for the benefit of its stockholders, employees, clients and other stakeholders. The Board has adopted this Policy to assist in the exercise of their responsibilities and shall be guided by the following principles and policies: ^[1]_[SEP]

A.) *Duties and Responsibilities of the Board of Directors to Stockholders*

The Board of Directors are accountable to stockholders for both business operations and in achieving targeted goals that will lead to optimal benefits for stockholders, while serving the wider interests of all stakeholders.

The Board of Directors are bound ^[1]_[SEP] to comply with the relevant laws, regulations, the Articles of Incorporation and resolutions of stockholders, with honesty, integrity, and due care for their overall interests.

To ensure the company's operations meet stockholder expectations, the Board of Directors formulates strategies reflecting its vision and missions, before setting policies to guide management in their execution. Management prepares long-term plans, including annual operating plans and budgets, which are presented to the Board of Directors for consideration and approval.

The Board of Directors is also bound to ensure that, in pursuit of its vision, the Company operates in accordance with the principles of corporate governance stated in this document.

B.) Policies Related to Stockholders: Stockholder Rights and Stockholder Meetings

The Company shall ensure that its business is conducted in conformity with high ethical standards, that laws and regulations are adhered to, and no policy shall be issued and coverage shall be provided to any client where there is good reason to believe that money laundering activities could be involved.

The Company's stockholders shall have the same basic rights:

- To receive stock certificates and the right to transfer shares;
- To attend stockholder meetings and to vote at these meetings that require their consent or approval;
- Pre-emptive right to all stock issuances of the corporation;
- Right to inspect corporate books and records;
- Right to information;
- To share in the profits of the Company through dividend payments;
- To elect and remove directors;
- To approve the appointment of auditors; and
- Appraisal right

The Board of Directors value the importance of stockholder meetings and shall encourage all stockholders to attend. The Board of Directors will endeavor to offer stockholders access to information, to pose questions, and to exercise voting rights at these meetings in an equitable manner.

The Board of Directors shall prepare minutes of stockholders' meetings and distribute them within 14 days from the meeting date.

C.) Policy on Stakeholders

The Board of Directors recognizes the rights of stakeholders and therefore encourages cooperation between the Company and stakeholders including employees, clients, suppliers, creditors, government agencies, communities where the Company operates, and society at large. All employees must comply with the Company's Code of Conduct which has been established to ensure fair and

balanced dealings with stakeholders.

D.) Policy on Information Disclosure, Transparency, Financial and Operational Reporting

The Board of Directors shall disclose accurate, complete, adequate, regular and timely financial information, and other information related to the Company's business operations and performance. The disclosed information will reflect the Company's actual financial and operating conditions, as well as its prospects.

The Board of Directors shall ensure strict adherence to all relevant laws, rules and regulations relating to the disclosure of information and transparency.

E.) Policy on Internal Control

The Board of Directors shall ensure an effective and efficient internal control system and that covers every aspect of its operations, and complies with related laws, rules and regulations. Effective and adequate check and balance mechanisms are in place to protect stockholder investments in the Company and its assets. The Company shall set clear procedures for the delegation of authority and the responsibilities of senior managers and staff.

An independent Internal Audit Department has been established to ensure that all operating units of the Company are in compliance with these procedures. The Internal Audit Department reports directly to the President and Chief Operating Officer.

F.) Policy on Monitoring and Evaluation of Performance

To ensure that operations are in line with any goals set, the Board of Directors requires that Management reports the results of actual operations in comparison with any targets set on a regular basis. In the event that operations fail to perform as planned, the Board of Directors shall request Management to propose

remedies that allow these targets to be fulfilled.

The Board of Directors shall regularly evaluate the performance of managers and other^[11]_{SEP} senior executives. The criteria for such evaluation will be related to the Strategic Plan and the Annual Business Plan and will be used in the determination of remuneration and incentives.

G.) Policy on Anti-Corruption

The Company has conducted and shall conduct businesses in an honest and ethical manner and with commitment to acting professionally, fairly, and with integrity^[11]_{SEP} in all business deals and business relationships, of which the practices lead to a zero tolerance counter corruption.

Directors and employees are prohibited from carrying out or accepting any type of wrongful money, assets, compensation, and other benefits either directly or indirectly. However, to the extent as allowed by law, regulation, announcement, local culture, local norm or business practice, gifts of reasonable values are acceptable.

III. QUALIFICATIONS AND COMPOSITION OF THE BOARD OF DIRECTORS

A) Independence and Impartiality of Directors

The Board of Directors shall discharge its duties and exercise its discretion independently from Management and major stockholders. Each director has a duty to ask questions, express opinions or make objections and vote as he or she sees fit in relation to all matters affecting the interests of stockholders or stakeholders.

B) Qualifications of Directors

The Board of Directors shall consist of persons of high professional and ethical standards with qualifications, experience, skills, competency and expertise relevant to the business of the Company. Directors are expected to bring fresh perspectives to the Board of Directors and must be prepared to give adequate time and effort to perform their duties.

The Insurance Commission^[1] sets forth the minimum qualifications of every Director in its Circular No. 31-2005 as follows:

1. Directors sitting on the Board shall be possessed of the necessary skills, competence and experience, in terms of management capabilities, preferably in the field of insurance or insurance-related disciplines. In view of the fiduciary nature of insurance obligations, Directors must be persons of integrity and credibility.
2. Each Director shall be at least twenty-five (25) years of age at the time of his appointment.
3. Each Director must have attended a special seminar on corporate governance conducted by a training provider duly accredited by the Insurance Commission and the Securities and Exchange Commission.

Moreover, the Insurance Commission requires that the following persons cannot be elected as Directors:

1. Persons who have been judicially declared as insolvent, spendthrift or unable to enter into contract; or,
2. Directors, officers, or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

During its selection of new directors, the incumbent directors shall review qualifications, skills, knowledge and the expertise of all directors to determine their suitability, with the aim of ensuring the company benefits from a Board comprising appropriately qualified and skilled directors.

C) Qualifications of Independent Directors

The Insurance Commission^[1] in its Circular No. 31-2005 states the qualifications of every Independent Director as follows:

1. An independent director shall be one who has not been an officer or employee of the corporation, its subsidiaries or affiliates or related interests for at least three (3) years immediately preceding his term or incumbency;
2. Must not be related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer, or majority stockholders;
3. Must not be a majority stockholder of the company, any of its related companies, or of its majority stockholder^[1];
4. Must not be acting as nominee or representative of any director or substantial stockholder of the company, any of its related companies or any of its substantial stockholders; and,
5. Must be free from any business or other relationships with the institution or any of its major stockholders which could materially interfere with the exercise of his judgment, i.e., has not engaged and does not engage in any transaction with the institution, or any of its related companies or any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner director or stockholder.

D) Composition of the Board of Directors

The number of Directors shall be in accordance with the Company's By-Laws, which shall be composed of seven (7) Directors and at least two (2) independent directors. Each director shall be elected annually and shall hold office until the next annual meeting held next after his election and or until his successor shall have been elected and shall have qualified, or until his death or until he shall resign or shall have been removed in accordance with the Company's By-Laws.

E) Chairman of the Board

The Board shall elect a Chairman of the Board following each Annual General Meeting of Stockholders. The Chairman of the Board presides over meetings of the Board and stockholders and is responsible for coordinating the overall management and functioning of the Board. The core responsibilities of the Chairman shall be as follows:

1. Develop an appropriate schedule of Board meetings, seeking to ensure that the independent directors can perform their duties responsibly while not interfering with ongoing Company operations;
2. Review in advance the Board meeting agendas as prepared by the Corporate Secretary and the Chief Operating Officer;
3. Review in advance the meeting schedules for the Board committees;
4. Develop standards as to the quality, quantity and timeliness of the information submitted to the Board by the Company's management that is necessary or appropriate for the independent directors to effectively and responsibly perform their duties;
5. Develop the agendas for and serve as Chairman of the executive sessions of the Board's independent directors and ensure that independent directors have adequate opportunities to discuss issues without management present;
6. Serve as principal liaison between the independent directors and the CEO in respect of Board issues;
7. Participate in recommendations regarding succession planning for the Chairman of the Board, recruitment of new directors and management succession planning;
8. Oversee the establishment of processes to assess assurances provided to the Board by senior management, and facilitate effective communication between directors and management in conjunction with the CEO; and
9. Meet with representatives of the Company's regulators and represent the Company at social, fundraising or industry association gatherings, upon request.

F) Terms of Directorship

The Directors shall serve a term of office of one (1) year. Independent directors shall serve term of office for no more than three (3) years or three consecutive terms.

A director who has completed his / her term is eligible for re-election by stockholders.

G) Directors' Remunerations

The Board of Directors shall designate a Remuneration Committee to recommend guidelines for setting directors' remuneration. The level of remuneration shall be comparable to those of companies in the same industry taking into consideration the duties and responsibilities of the directors concerned. Directors' remuneration will be subject to approval at stockholder meetings.

H) Resignation and Removal

Directors cease to hold office when they die, resign or are disqualified or removed from office. A resignation is effective at the time as approved by the Board or at the time specified in the resignation, whichever is later. Directors may make a written statement to the Company about their reasons for resignation.

I) Vacancies

If there is a vacancy in the Board, the remaining Directors may continue to transact business as long as there is a quorum.

Any vacancy, other than the removal or expiration of term in the Board, caused by death, resignation, disqualification, may be filled by the vote of at least a majority of the remaining Directors, if still constituting a quorum; otherwise, vacancy must be filled by the stockholders at the meeting during which the Director was removed, in accordance with the Company's By-laws.

J) Sub-Committees of the Board of Directors

The Board of Directors shall appoint directors from their number to serve^{[[]]} on sub-committees of the Board. The qualifications of selected directors will^{[[]]} be appropriate for the duties of each committee. Members of such committees shall serve a three years term and shall be eligible for reappointment.

Each sub-committee shall be qualified according to the rules and regulations of the Insurance Commission, and each Board Committee shall perform its duties as

assigned by the Board of Directors. Management shall attend the Board Committee meetings upon invitation, and will submit reports or provide information as requested. Board Committees shall have the right to commission external consultants at the company's expense. Each Board Committee shall submit an annual report to the Board of Directors. The Chairman of sub-committees shall be an independent director.

At present, the Board of Directors will appoint three Board Committees; namely, the Audit Committee, the Remuneration Committee and the Corporate Governance and Nomination Committee.

i) The Audit Committee

The Audit Committee shall consist of at least three directors, with an independent director as chairman. The Audit Committee is responsible for reviewing the company's financial reports, assessing the adequacy of its internal controls, reviewing its risk management systems and compliance, and ensuring that any conflicts of interest are managed in accordance with the company's policies and to review and ensure that the company has duly complied with Anti Corruption Policy. The Audit Committee is primarily responsible for selecting an auditor and proposing their fees at each annual Stockholder's meeting. The Audit Committee is also responsible for expressing its opinions regarding the company's operating plans and budgets, along with the appointment and termination of staff of the Internal Audit Department. The committee reviews and proposes recommendations to amend scopes of work, duties and responsibilities of the Audit Committee to respond to changing circumstances.

ii) The Remuneration Committee

The Remuneration Committee shall consist of at least three members and is chaired by an independent director. Its duties are to recommend guidelines on how to compensate, methods of compensation payments and other benefits to the Board of Directors and Sub Committee, to consider and recommend compensation amounts and other benefits by taking duties and responsibilities of the Chief Executive Officer into consideration and by reviewing evaluation criteria to determine a right annual remunerations.

Its duties also included reviewing a compensation structure, compensation rules and regulations to suit the person's duties and responsibilities, the company's

operating results and marketing conditions as well as to review overall budgets for salary increase, annual bonus payments and provisions of other staff's fringe benefits. The committee reviews and proposes recommendations to amend scopes of work, duties and responsibilities of the Remuneration Committee to respond to changing circumstances.

iii) The Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee shall consist of at least three members and is chaired by an independent director. Its duties are to review and monitor compliance with both the company's corporate governance policy and code of conduct. The Committee is also responsible for screening candidates for appointment as a company director.

Its duties also included providing measure of performance evaluation of the Board of Directors to the Board of Directors; to participate in the evaluation and to monitor improvements based^[SEP] on results of such evaluation. The committee also reviews and proposes recommendations to amend scopes of work, duties and responsibilities of the Corporate Governance and Nomination Committee to respond to changing circumstances.

IV. FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

A) General Responsibility

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

B) Duties and Functions

To ensure a high standard of best practice for the corporation and its stockholders, the Board should conduct itself with honesty and integrity in the performance of

the following duties and functions:

1. Reviewing and periodically approving long-term strategic and business plans and monitoring corporate performance against such plans; ^[L]_[SEP]
2. Adopting policies of corporate conduct, including compliance with applicable laws, rules and regulations, maintenance of accounting, financial and other controls, and reviewing the adequacy of compliance systems and controls; ^[L]_[SEP]
3. Selecting, evaluating and fixing the compensation of senior management of the Company and establishing policies regarding compensation of other management personnel;
4. Reviewing succession plans and management development programs for senior management; ^[L]_[SEP]
5. Reviewing the major risks facing the Company and overseeing strategies to address these risks; ^[L]_[SEP]
6. Evaluating the overall effectiveness of the Board and its committees and the individual directors on a periodic basis; and ^[L]_[SEP]
7. Adopting and implementing best practices of corporate governance in full conformity with the letter and spirit of all applicable laws, rules and regulations.
8. Entering into transactions which could materially affect the company's financial status, liabilities, business strategy and/or reputation.
9. Adopting a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness. ^[L]_[SEP]
10. Constituting an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities. ^[L]_[SEP]
11. Establishing and maintaining an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities. ^[L]_[SEP]
12. Meeting at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration. ^[L]_[SEP]
13. Keeping the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws,

rules and regulations. [SEP]

14. Appointing a Compliance Officer who shall have the rank of at least vice president.

C) Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

1. ***Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.*** [SEP]

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

2. ***Act judiciously.*** [SEP]

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

3. ***Exercise independent judgment.*** [SEP]

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.

4. *Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Insurance Commission and, where applicable, the requirements of relevant regulatory agencies.*

A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

5. *Observe confidentiality.* [SEP]

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. [SEP]

D) Meetings of the Board of Directors

The Board shall conduct four (4) regularly scheduled meetings per year. Special meetings will be convened as necessary for urgent and important matters that require Board attention. The committees meet on the same Board meeting dates. Special committee meetings may be scheduled for other times when necessary.

The Chairman of the Board manages the functioning of the Board of Directors, determines the agenda for Board meetings together with the COO and Corporate Secretary, and ensures smooth meeting procedures with clear decisions and resolutions.

The Chairman of the Board shall allocate appropriate time for free discussion and forge consensus or decision making by the Board.

When considering a particular matter, [SEP] a director is entitled to have access to any relevant information or document, may seek additional explanations from Management and may commission external consultants for assistance at the Company's expense.

A resolution shall be based on a majority of votes. Any opposition to a resolution shall be recorded in the minutes of the meetings.

E) The Corporate Secretary

The Board of Directors shall appoint a Corporate Secretary to support the functioning of the Board of Directors. The Corporate Secretary, who shall be a Filipino and resident of the Philippines, is an officer of the Corporation. He shall:

1. Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation; [SEP]
2. Be loyal to the mission, vision and objectives of the corporation;
3. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
4. Work fairly and objectively with the Board, management and stockholders;
5. Have a working knowledge of the operations of the corporation [SEP]
6. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so; and
7. Ensure that all Board procedures, rules and regulations are strictly followed by the members; [SEP]

F) Compliance Officer

The Board shall appoint a Compliance Officer who shall have direct access to the Chairman of the Board, the Board Committees and the President and Chief Executive Officer. He shall perform the following duties:

1. Monitor compliance by the corporation with relevant regulations pertaining to corporate governance and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
2. Appear before any regulatory agency when summoned in relation to compliance with relevant laws and regulations;
3. Issue certifications as may be required by pertinent laws and regulations and, if there's any deviations from the mandate of laws and regulations, to explain

the reason for such deviation to the Board and to the regulatory agency as may be required. [SEP]

G) Annual Report of the Board of Directors

The Board of Directors shall be responsible for the compilation of the Company's business and financial reports as well as the consolidated financial reports and the financial information in its Annual Report. The financial report shall be prepared in accordance with the generally-accepted accounting principles (GAAP) in the Philippines.

In addition, all relevant information will be adequately disclosed in notes to financial statements. The Board of Directors [SEP] shall designate the Audit Committee [SEP] to supervise the quality of its financial reports as well as to express its opinions on each financial report to the Board of Directors.

H) Communication with Management

The Board of Directors shall invite senior executives to attend its meetings to present information in relation to [SEP] the agenda covering areas which such executives are responsible. The objective is to allow the Board of Directors to be informed directly by [SEP] the responsible executive(s) of their views and opinions towards a particular subject.

The Board of Directors shall encourage meetings and the exchange of ideas between itself and senior executives aside from the Board of Director meetings, to foster better relationships and mutual understanding.

Directors may directly communicate with individual executives without intruding or interfering with management's operation. However, the CEO should be notified in advance of such contacts.

I) Assessment of Performance of the Board of Directors

The Board of Directors shall assess itself annually for the whole Board of Directors, the Sub Committee and Director individually. This assessment will include an evaluation of each director's independence. The conduct of this assessment is the responsibility of the Corporate Governance and Nomination Committee which will prepare a report for the Board's consideration.

J) Orientation for New Directors and Enhancement of Business Knowledge

1. New Director Orientation.

The Board of Directors shall provide an orientation session for all new directors so as to inform them of the company's expectations regarding a director's^[L]_[SEP] role, duties and responsibilities, and compliance with the company's corporate governance policy and practices.

The orientation is also intended to help new directors to better understand the business and operations of the company and to provide them with additional information in terms of industrial outlook, new technology and innovation as well as corporate governance to assist them in the effective performance of their duties.

2. Director Continuing Education.

The Company's directors are encouraged to participate in continuing education programs to increase their knowledge of corporate governance and enhance their effectiveness on the Company's Board. The Company shall reimburse all reasonable and customary expenses incurred for this purpose.^[L]_[SEP]

V. REGULAR REVIEW/AUDIT OF THE POLICY

The Board will, from time to time, review and reassess the adequacy of this Policy and consider any proposed changes to ensure that it is functioning as designed. It may be amended from time to time as may be required by pertinent laws and regulations and/or Company directives.^[L]_[SEP]

VI. ADOPTION AND EFFECTIVITY

This Corporate Governance Principles and Policies shall take effect immediately upon approval thereof by the Board of Directors.

ADOPTED this 20th day of January 2021, at Makati City, Philippines.

BOARD APPROVAL

RUSTIE C. PORCIUNCULA
Chairman

JASON C. PORCIUNCULA
Member

ORVIBITANO R. DIAZ
Member

JAY B. IRABON
Member

IRISH TOM T. TOLENTINO
Member

EPHREM R. ACLERA
Member

MA. ANNABELLE D. SANCHEZ
Member