

Re: Fw: CGFD_ Asia Pacific Medical Center (APMC) - Aklan Inc._Manual on Corporate Governance_13December2021

From: ICTD Submission (ictdsubmission+canned.response@sec.gov.ph)

To: asiapacificmedicalcenter.aklan@yahoo.com

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FOR MC28, please email to:

MC28_S2020@sec.gov.ph

For your information and guidance.

Thank you and keep safe.

1 December 2021

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

ATTENTION: **DIR. RACHEL ESTHER J. GUMTANG-REMALANTE**
Corporate Governance and Finance Department

Dear Madam:

Greetings!

In compliance with SEC Memorandum Circular No. 24, Series of 2019 and the pertinent provisions of the Revised Corporation Code, we are submitting herewith our Manual on Corporate Governance for Public Companies and Registered Issuers.

We hope you find everything in order.

Very truly yours,

Asia Pacific Medical Center Akian, Inc.

By:


MAYLENE B. VILLANUEVA, CCO
Compliance Officer

REPUBLIC OF THE PHILIPPINES)
Kalibo, Aklan) S.S.

Certification

I, **Marsha Lourdes P. Conanan-Morato**, the Corporate Secretary of **Asia Pacific Medical Center (APMC) – Aklan Inc.**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number **CS201739437** and with principal office at **Judge Martelino Road, Andagao, Kalibo, Aklan**, on oath state:

- 1) That I have caused this Manual on Corporate Governance duly approved by the Board of Directors to be prepared for submission on behalf of **Asia Pacific Medical Center (APMC) – Aklan Inc.**;
- 2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
- 3) That the company **Asia Pacific Medical Center (APMC) – Aklan Inc.** will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

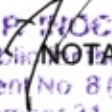
DEC 02 2021

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2021.


MARSHA LOURDES P. CONANAN-MORATO
Affiant

SUBSCRIBED AND SWORN to before me this DEC 02 2021 day of _____, 20_____,
in Kalibo, Aklan City, Philippines, affiant exhibiting to me her PRC ID No. 0068829
issued on 03/06/1990, at Manila and valid until 05/12/2023.

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Page No. 48
Book No. 18
Series of 2021


ROMEO P. INOCENCIO
Notary Public in the Philippines, Aklan
Appointment No. 8 (2021-2022)
Until December 31, 2022
Roll No. 35274
XIX Martyrs St., Kalibo, Aklan
IBP No. 131384/10/28/20/ Pasig City
PTR No. 7318098/01-04-21/Kalibo, Aklan
MGL Compliance No. VII-0001782
Issued on December 02, 2019

COVER SHEET

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S.E.C. Registration Number

A S I A P A C I F I C M E D I C A L C E N T E R

(A P M C) - A K L A N I N C .

(Company's Full Name)

J U D G E M A R T E L I N O R O A D A N D A G A O

K A L I B O A K L A N

(Business address: No. Street City / Town, Province)

DR. MARSHA LOURDES P. CONANAN-MORATO

Contact Person

(036) 268-2320

Company Telephone Number

1 2 3 1

Month Day

1 7 - C

FORM TYPE

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Month Day

Fiscal Year

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Annual Meeting

MANUAL ON CORPORATE GOVERNANCE

REGISTERED ISSUER

Secondary License Type, If Applicable

C G F D

Dept. Requiring this Doc.

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Total No. of Stockholders

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Domestic

Foreign

To be accomplished by SEC Personnel concerned

File number

LCL

Document I. D.

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**ASIA PACIFIC
MEDICAL CENTER**
(APMC)-AKLAN INC.

(Formerly, Allied Care Experts (ACE) Medical Center-Aklan Inc.)

Manual on Corporate Governance

Office Address: 2nd Floor, Aklan Polyclinic and Drugstore, Goding Ramos Street, Kalibo, Aklan 5600
Principal/Hospital Address: Judge Martelino Road, Andagao, Kalibo, Aklan
Tel: +63(036) 268-2320/ +63917-814-6042/ asiapacificmedicalcenter.aklan@yahoo.com / www.acemc-aklan.com



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ARTICLE I

DEFINITIONS AND FRAMEWORK OF GOVERNANCE AND ORGANIZATIONAL COMMITMENT TO GOOD GOVERNANCE

A. DEFINITION OF TERMS

- i) **Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior – reconciling long term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization’s long-term success, thereby creating sustainable value for its shareholders, stakeholders and the nation.

- ii) **Enterprise Risk Management** – a process, effected by an entity’s Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- iii) **Board of Directors** - the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
- iv) **Director** – a person named as such in the Articles of Incorporation, or duly elected in subsequent meetings of the stockholders or those elected to fill vacancies in the Board of Directors.
- v) **Management** – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
- vi) **Independent Director** – a person who is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his

responsibilities as a director.

- vii) **Internal Control** – a process designed and effected by the entity’s Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management of corporate information; and compliance with applicable laws, regulations and the organization’s policies and procedures.
 - viii) **Executive Director** – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
 - ix) **Non-Executive Director** – a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
 - x) **Non-Proprietary Right** – an interest, participation or privilege over a specific property of a corporation that allows the holder to use such property under certain terms and conditions. The holder, however, shall not be entitled to dividends from the corporation or to its assets upon its liquidation.
 - xi) **Proprietary Right** – an interest, participation or privilege in a corporation which gives the holder the right to use the facilities and to receive dividends or earnings from the corporation. Upon the liquidation of the corporation, the holder shall have proportionate ownership rights over its assets.¹
 - xii) **Public Company** – A company with assets of at least Fifty million pesos (Php50,000,000.00) and having two hundred (200) or more stockholders holding at least one hundred (100) shares each of equity securities.
 - xiii) **Registered Issuer** – A company that: (1) issues proprietary and/or non-proprietary shares/certificates; (2) sells equity securities to the public that are not listed in the Exchange; or (3) sells debt securities to the public that are required to be registered to the SEC, whether or not listed in an Exchange.
- APMC - Aklan Inc is a Registered Issuer.
- xiv) **Conglomerate** – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.
 - xv) **Internal control** – a process designed and effected by the board of

¹ Amendment no. 4

directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

- xvi) **Enterprise Risk Management** – a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, 3 manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- xvii) **Related Parties** – covers the company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control or significant influence over the company. It also covers the company's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
- xviii) **Related Party Transactions** – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- xix) **Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.
- xx) **Significant Influence** – The power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

B. FRAMEWORK OF GOVERNANCE

The governing rules for Corporate Governance are not drawn from any single document. The Revised Corporation Code of the Philippines lays down the basic legal framework for corporate governance of every Philippine corporation. It is supplemented by the Securities Regulation Code (Republic Act No. 8799), and the implementing rules and regulations, and the Code of



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Corporate Governance for public companies and registered issuers (SEC Memorandum Circular No. 24 series of 2019) issued by the Securities and Exchange Commission (SEC). When the context allows and when appropriate, a term used herein shall have the meaning given to such term in the relevant and applicable laws and implementing rules and regulations.

The structure for corporate governance of Asia Pacific (APMC) Medical Center-Aklan Inc. ("APMC-AI" or APMC-Aklan) is principally contained in the Corporation's Articles of Incorporation and By-Laws and their amendments. These constitutive documents lay down, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of the Corporation. The function of this Manual on Corporate Governance is to supplement and complement the Corporation's Articles and By-Laws by setting forth principles of good and transparent governance.

C. ORGANIZATIONAL COMMITMENT TO GOOD GOVERNANCE

The Board of Directors, Management, Officers and employees of APMC-Aklan commit themselves to the principles and best practices of governance contained in this Manual as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Vision and Mission Statements and core values of APMC-Aklan made an integral part of this Manual.

1. VISION

APMC – Aklan will be a globally competitive and internationally recognized healthcare institution in Aklan by 2030.

2. MISSION

Our mission is to provide innovative and adaptable healthcare through compassionate and competent professionals, in order to improve the quality of life of the people in the community that we serve.

3. CORE VALUES

ADAPTABILITY

As professionals, we embrace cultural sensitivity to continually deliver efficient and patient-centered care. As an institution, we employ effective leadership and governance to ensure our viability in the ever-changing landscape of healthcare.



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PROFESSIONALISM

We up the highest standards of ethical practice of honesty and confidentiality. We show courtesy, empathy, and respect to our colleagues and our patients. We continuously strive for personal development, dedication and competence.

MOTIVATION

We strive to achieve our organizational goals. We promote positive work environment and job satisfaction. We find ways to develop competencies, creativity, and improved performance leading to a strong career development.

COMPASSION

We respond with kindness and understanding in order to promote meaningful relationships with our stakeholders and the people we serve. We let go of prejudice and practice altruism in every aspect of service we offer to our community.

ACCESSIBILITY

We exist with the commitment of having our patients experience international standard healthcare services within reach. We foster an environment which promotes fair and equal access for personal and professional growth for our staff.

INTEGRITY

We act with transparency, veracity, and consistency in upholding moral and ethical principles in everything that we do. We treat everyone with dignity and respect. We build trust by being accountable in our judgments and actions and following through our commitments.



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ARTICLE II

GOVERNANCE STRUCTURE

A. BOARD OF DIRECTORS

1. MANDATE

The Board of Directors is the supreme authority in matters of governance and in managing the regular and ordinary business of the Corporation. Within their authority under the Corporation Code and other applicable laws and the By-laws of the Corporation, the directors acting as a Board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.

2. SIZE AND COMPOSITION

i. SIZE

Pursuant to Section 10 of the Revised Corporation Code of the Philippines and the company by-laws, the APMC-Aklan Board of Directors shall have fifteen (15) members who shall be elected individually by the Corporation's stockholders entitled to vote at the annual meeting and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.²

ii. COMPOSITION

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the operation of hospitals. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. The Board shall ensure that each of these directors can add value and independent judgment in the formulation of sound corporate strategies and policies.³

In line with the best practice in corporate governance it is the Corporation's goal to have at least three (3) Independent Non-executive Director to be included as a member of the Board. The Independent Director(s) shall be identified in the Annual report.

² APMCAI By-Laws, Section

³ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 1.1

3. DIVERSITY

APMC-Aklan recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth as reflected in its Policy on Board Diversity⁴ hereto attached as Annex A.

APMC-Aklan does not have a target quota with respect to gender parity to uphold meritocracy and maintain balance in the composition of the Board in a manner that reflects the operating requirements of the hospital, current resource levels for director aptitude and long-term interests of shareholders.

4. INDEPENDENCE

- i. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.⁵
- ii. The Board may have at least three (3) independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.⁶
- iii. The Board's independent directors shall serve for a maximum cumulative term of nine years, after which, the independent director shall be perpetually barred from re-election as such in the same company but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.⁷
- iv. The positions of Chairman of the Board and Chief Executive Officer or its equivalent position shall be held by separate individuals and each shall have clearly defined responsibilities.
- v. The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer or its equivalent are held by one person.⁸
- vi. A director with a material or potential interest in any transaction

⁴ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 1.4

⁵ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.1

⁶ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.2

⁷ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.4

⁸ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.5

affecting the corporation shall fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction.

- vii. The non-executive directors (NEDs) shall 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. The meetings shall be chaired by the lead independent director.

5. NOMINATION OF DIRECTORS

a. NOMINATION PROCESS⁹

The Nominations and Election Committee (the "Committee") shall oversee the process for nomination which shall apply to nomination for both regular and independent directors and observe the following process:

- i. All shareholders, regardless of their shareholdings, shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.
- ii. The nomination shall be in writing duly signed by the nominating stockholder or representative duly authorized in writing, with the written acceptance and conformity of the nominee. The nomination must indicate whether the nominee is intended to be an independent director and shall contain the nominee's age, educational attainment, and full disclosure of work and/or business experience and/or affiliations.
- iii. The prescribed Nomination Form may be used for convenience. In addition to the Nomination Form, the Nominees for Independent Directors shall also submit a Certificate of Qualification a format of which shall be provided by APMC-Aklan.
- iv. If there are not enough nominees for directors and/or independent directors, the Nominations Committee, may by majority vote nominate such number of nominees for the said position/s and include them in the final list to be submitted to the Board for approval.

⁹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 2.5



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- v. All nominations for directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at the principal office of the Corporation not earlier than sixty (60) business days nor later than twenty (45) business days prior to the date of the regular or special meeting of the stockholders for the election of the directors. Nominations which are not submitted within such period shall not be valid. Only stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected a director of the Corporation.
- vi. After endorsement by the Corporate Secretary to the Nominations Committee, the Nominations Committee shall meet to pre-screen all nominees, and shall submit a Final List of Candidates to the Board of Directors thru the Corporate Secretary for its approval at least thirty (30) days prior to the schedule of the Annual Stockholders Meeting. The Nominations Committee shall pre-screen and shortlist all candidates nominated to become members of the Board of Directors in accordance with the list of qualifications and disqualifications as defined in the Company's Manual on Corporate Governance with due consideration of the requirements of the Revised Corporation Code, the Securities Regulation Code, and relevant SEC Circulars (such as the SEC Memorandum Circular No. 16, Series of 2002 and SEC Memorandum Circular No. 24, Series of 2019), as may be amended, relating to the board directors.
- vii. The list of the nominees for election as members of the Board, as determined by the Committee, shall be final and no other nomination shall be entertained or allowed after the final list of nominees is approved. No further nominations shall be allowed on the floor during the actual Annual Stockholders' Meeting. The Final List of Candidates shall contain all the information about all the nominees and shall be made to the SEC and to all stockholders through the filing and distribution of the Information Statement, or in such other reports APMCI is required to submit to SEC. The nominator shall also be included in the report including any relationship with the nominee.
- viii. In case of vacancy in the Board other than removal of a director or expiration of term, the Committee shall determine and identify the qualified nominee and recommend to the Board, if the remaining



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directors still constitute a quorum, to elect such qualified nominee to fill the vacancy. Taking into consideration the requirements set forth in their respective Charters, the Committee shall identify and recommend directors to fill vacancies set forth in their respective charters.

The Nominations Committee shall be guided by and shall ensure compliance with the SEC Memorandum Circular No. 16 Series of 2002 in the conduct of the nomination and election process.

b. CRITERIA FOR NOMINATION

i. QUALIFICATIONS OF DIRECTORS

A director of APMC-Aklan shall have the following qualifications:

- 1) Ownership of at least two hundred (200) blocks or 2000 shares of the capital stock of the Corporation standing in his name in the books of the Corporation at the time of his election;¹⁰
- 2) A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;
- 3) Relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organizations;
- 4) Integrity, probity and diligence and assiduousness in the performance of his functions;
- 5) Attendance of an accredited corporate governance seminar and other relevant trainings, as required by the DOH and/or SEC, within a period of six (6) months from date of election. However, the following shall be exempted from attending such seminars:
 - a) Filipinos with recognized stature and influence and reputation in the hospital industry and/or whose business practices stand as testaments to good corporate governance;
 - b) Former Chief Justice and Associate Justices of the Philippine Supreme Court and legislators who authored corporate governance laws.

¹⁰ APMCAI By-Laws

ii. **DISQUALIFICATIONS OF A DIRECTOR**

PERMANENT DISQUALIFICATION

The following shall be considered as grounds for the permanent disqualification of a director:

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:
 - i. involves the purchase or sale of securities, as defined in the Securities Regulation Code;
 - ii. arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or
 - iii. arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from:
 - i. acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
 - ii. acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company or as an affiliated person of any of them;
 - iii. engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification should also apply if:

- i. such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending

- any registration, license or permit issued to him under the Revised Corporation Code of the Philippines, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP;
- ii. such person has otherwise been restrained to engage in any activity involving securities and banking; or
 - iii. such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- c. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
 - d. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
 - e. Any person judicially declared as insolvent;
 - f. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority for acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;
 - g. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Revised Corporation Code of the Philippines and Securities Regulation Code committed within five years prior to the date of his election or appointment; and
 - h. Other grounds as the SEC may provide pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws.

TEMPORARY DISQUALIFICATIONS:

The following shall be grounds for temporary disqualification of a director:

- a. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
- b. Dismissal, termination or removal for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal, termination or removal;
- c. If the beneficial equity ownership of an independent director (ID) in the corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification from being elected as an ID is lifted if the limit is later complied with; and
- d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

iii. QUALIFICATIONS FOR INDEPENDENT DIRECTORS¹¹

- a. An Independent Director shall have the same qualifications to that of a regular Director except that his beneficial equity ownership in the APMC-Aklan or in its related companies, must not exceed two percent (2%), or less than 4,800 shares.
- b. Independent Directors shall, apart from their fees and shareholdings, be independent from Management and free from any business or other relationship which would, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation. For this

¹¹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.3



(Formerly: Allied Care Experts (ACE) Medical Center-Aklan Inc.)

purpose, an Independent Director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, Management or controlling shareholder at the time of his election or appointment and/or re-election as a Director.

iv. **DISQUALIFICATIONS FOR INDEPENDENT DIRECTORS**

No person enumerated hereunder shall qualify as an independent director. The following instances or causes shall likewise be cause for disqualification during an independent director's tenure:

- a. If a director has been a senior officer or employee of APMC-Aklan unless there has been a change in the controlling ownership of the Company;
- b. If the director has been in the two (2) years immediately preceding the election, a director of APMC-Aklan; a director, officer, employee of the APMC-Aklan's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of APMC-Aklan's substantial shareholders and its related companies;
- c. If the director has been appointed in APMC-Aklan, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two (2) years immediately preceding his election;
- d. If the director owns more than two percent (2%) of the outstanding shares of APMC-Aklan, its subsidiaries, associates, affiliates or related companies;
- e. If the director is a relative of a director, officer, or substantial shareholder of APMC-Aklan or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister, parent-in-law, son/daughter-in-law, and or brother-/sister-in-law;
- f. If the director is acting as a nominee or representative of any director of APMC-Aklan or any of its related companies;
- g. If the director is a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to



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any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

- h. If the director is retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of APMC Aklan, any of its related companies or substantial shareholder, within the two (2) years immediately preceding the date of his election;
- i. If the director is engaged or has been engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with APMC-Aklan or any of its related companies or substantial shareholders, unless such transactions are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j. If the director is affiliated with any non-profit organization that receives significant funding from APMC-Aklan or any of its related companies or substantial shareholders;
- k. If the director is employed as an executive officer of another Company where any of APMC-Aklan's executives serve as directors; and
- l. If the director does not meet the attendance requirement as set forth under this code and/or in the Corporation's By-laws.

6. ELECTION OF DIRECTORS

- a. The conduct of the election of director/s shall be made in accordance with the standard election procedures prescribed in APMC-Aklan's by-laws which must be consistent with pertinent laws, rules and regulations of the SEC.
- b. A holder of at least one (1) share of stock of APMC-Aklan shall have the right to be present and to vote, in every stockholder's meeting, in person, by remote communication or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been represented to the secretary.

- c. At all stockholders' meeting, voting shall be by shares and not "per capita."
 - i. However, in the election of members of the Board of Directors, any stockholder may cumulate his vote as provided for in the Revised Corporation Code.
 - ii. In the election of members of the Board of Directors, the fifteen nominees receiving the highest number of votes shall be declared elected.
- d. All proxies must be in the hands of the Secretary not later than seven (7) days before the scheduled meeting. Based on the scheduled stockholders' meeting, the deadline of submission is on the FIRST SATURDAY OF APRIL on or before 5:00p.m. Such proxies filed with the Secretary may be revoked by the stockholder concerned either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by his personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until set aside by a court of competent jurisdiction.
- e. Voting for the election of members of the Board of Directors shall be by shares of stock, that is, one share entitles the holder thereof to one vote, two shares to two votes, etc., but in the election of members of the Board of Directors, any stockholder may cumulate his vote as provided for in the Revised Corporation Code.
- f. In the election of members of the Board of Directors, the fifteen (15) nominees receiving the highest number of votes shall be declared elected.

7. ELECTION OF INDEPENDENT DIRECTORS

- a. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent directors are elected during the stockholders' meeting.
- b. Specific slot/s for independent directors shall not be filled-up by unqualified nominees.
- c. In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.
- d. In case of a tie, the Board shall employ any non-discretionary and non-

discriminatory measure that is based on sheer luck or chance to determine the candidate who shall serve as a Director.

8. POWERS OF THE BOARD

The corporate powers of APMC-Aklan shall be exercised, its business conducted and all its property controlled and held by, its Board of Directors.¹²

9. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- a. The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders and all other stakeholders.¹³
- b. The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.¹⁴
- c. The Board shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the company.
- d. The Board shall align the remuneration of key officers and board members with the long-term interests of the company/organization. It shall formulate a policy specifying the relationship between remuneration and performance. In this regard, no director or trustee should participate in the determination of his own per diem or compensation.
- e. The Board shall have the overall responsibility in ensuring that there is a *policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions*, particularly those which pass certain thresholds of materiality.
- f. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO) or his/her equivalent, and control functions led by heads of the Compliance Office and Audit Committee.

¹² As mandated by Section 22 of the Revised Corporation Code

¹³ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 2.1

¹⁴ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 2.2

- g. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer or his/her equivalent, and personnel's performance is at par with the standards set by the Board and Senior Management.
- h. The Board shall oversee the sound enterprise risk management (ERM) policy (attached as Annex B) which is in place to effectively identify, monitor, assess and manage key business risks. 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.

10. LEADERSHIP

- a. The Board shall be headed by a competent and qualified Chairperson whose qualifications, roles and responsibilities shall be contained in the Board Charter.¹⁵
- b. In the absence of the Chairman of the Board, the Vice-Chairman shall assume and perform all powers and duties of the Chairman of the Board.
- c. There shall be a Lead Director among the elected Independent Directors.¹⁶

11. BOARD GOVERNANCE

a. BOARD CHARTER

The Charter¹⁷ of the Board of Directors formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. It shall serve as a guide to the Directors in the performance of their functions. It is not intended to limit, enlarge or change in any way the responsibilities of the board as determined by its Articles of Incorporation, By-Laws and other applicable laws. Hence, the Board Charter of the hospital is incorporated in this Revised Manual as Annex C.

¹⁵ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 1.2

¹⁶ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.6

¹⁷ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 2.11

b. ORIENTATION AND CONTINUING EDUCATION

Within two months from election, an orientation program for first time directors shall be conducted by the *Corporate Governance Committee*. All directors shall also undergo an annual continuing training to keep it abreast of the updates in hospital administration and corporate governance.

The policy on the training of directors¹⁸, including an orientation program for first -time directors and relevant annual continuing training for all directors is anchored on the belief that all Directors will have more meaningful contributions to the Company if each is properly and suitably informed of the activities of the Company. This can be earliest achieved through a comprehensive orientation program for all directors upon joining the Board details of which are discussed in **Annex D** of this Revised Manual of Corporate Governance.

c. PERFORMANCE EVALUATION

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees.¹⁹

The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.²⁰

d. ACCESS TO INFORMATION

1. The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.²¹

¹⁸ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 1.3

¹⁹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 6.10

²⁰ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 6.2

²¹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 4.1

2. Meeting documents shall be provided to the directors at least five (5) working days before the date of the meeting to ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

B. DIRECTORS

1. FIDUCIARY DUTIES OF DIRECTORS

The following are the fiduciary duties of directors:²²

- a. To exercise utmost good faith in all transactions relating to their duties to the corporation and its property;
- b. To act for the benefit of the corporation and not for their own benefit;
- c. Not to profit as individuals by virtue of their position;
- d. To ensure that profits received by them from the company's property or business revert to the company and to hold the same as trustees for the benefit of the corporation and its stockholders;
- e. Not to acquire an interest adverse to that of the corporation, while acting for the corporation or when dealing individually with third persons.

2. POLICIES ON DIRECTORSHIP

a. Policy on Multiple Board Seats²³

The Corporation shall ensure that adequate time and attention is given to the fulfillment of the Directors of their duties. The Independent Directors and Non-executive Directors shall hold no more than ten (10) board seats in public companies and/or registered issuers and Executive Directors shall hold no more than five (5) board seats in other companies outside the Corporation's group. However, the maximum shall be five public companies and/or registered issuers if the director also sits in at least three publicly listed companies/registered issuers. This is to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.

In the implementation of this policy, the Board may consider several directorships in related companies or companies in the same industry as one. The Board may also allow Executive Directors to hold directorships that are necessary or desirable in the pursuit of the Corporation's business or in furtherance of its corporate social responsibility.

²²Lopez, The Corporation Code of the Philippines: Annotated at 472-473

²³ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 4.2

b. Disclosure of other Directorships

A director of APMC-Aklan shall notify the Board before accepting a directorship in another company.²⁴

c. Interlocking Directorships

The Board shall regularly review interlocking board memberships to determine whether any common board memberships create real or possible conflicts of interest.

d. Term Limits of Independent Directors²⁵

- i. Independent Directors can serve for a maximum cumulative term of nine (9) years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the said position was relinquished or terminated.
- ii. After serving as Independent Director for nine (9) years, the Independent Director shall be perpetually barred from being elected as Independent Director in APMC-Aklan, but may continue to serve as regular director.

e. Remuneration Policy²⁶ for Directors & Officers

Per APMC-Aklan's bylaws, each director shall receive a per diem allowance for his attendance at each meeting of the Board upon resolution of the Board. As compensation, the Board shall receive and allocate among the directors within their term of one year an amount of not more than ten percent (10%) of the net income before income tax of the incorporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper subject to the approval of stockholder representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

f. Succession Planning & Retirement Policy²⁷

With age often comes unparalleled wisdom and experience, skilled business judgment, invaluable industry and community relations and influence, and that the best interests of the APMC-Aklan are served by its being able to retain directors that make very meaningful

²⁴ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 4.3

²⁵ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 5.4

²⁶ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 2.4

²⁷ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 2.3

contributions to the Board and the organization regardless of age. Henceforth, the retirement age of Directors is hereby set at 75 years of age. Other details of the retirement policy is discussed in Annex E.

C. BOARD COMMITTEES

The Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. The Board committees shall be composed only of board members²⁸.

All the board-level committees have Committee Charters which state their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information which may serve as a basis for performance evaluation of each committee. Said Committee Charters are fully disclosed on the company website.²⁹

1. AUDIT COMMITTEE³⁰

An Audit Committee is hereby established to enhance the Board's oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations and to review all material related party transactions.

The committee shall be composed of three appropriately qualified non-executive directors, the majority of whom, including the Chairperson, shall be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee shall not be the Chairman of the Board or of any other committees.

2. CORPORATE GOVERNANCE COMMITTEE³¹

A Corporate Governance Committee is hereby established to assist the Board in the performance of its corporate governance responsibilities. It shall be composed of three (3) directors, all of whom shall be directors and majority of whom shall be independent, including the Chairperson.

²⁸ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 3.1

²⁹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 3.5

³⁰ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 3.2

³¹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 3.3

3. REMUNERATION and COMPENSATION COMMITTEE

A Remuneration and Compensation Committee is hereby established which shall be charged with studying and recommending an appropriate rewards system. It shall be composed of at least three (3) members, one of whom shall be an Independent Director. The Board may from time to time increase the membership of the Committee and appoint additional members therein.

4. NOMINATIONS and ELECTION COMMITTEE

A NOMINATIONS and ELECTION is hereby established which is charged with the determination of the nomination and election process for the company's directors and defining the general profile of board members. It shall be composed of at least three (3) members, one of whom shall be an Independent Director. The Board may from time to time increase the membership of the Committee and appoint additional members therein.

The Board of Directors may create such other committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Corporation and to aid in good governance.

ARTICLE III

MANAGEMENT

Per APMC-Aklan's by-laws³², immediately after their election, the Board of Directors shall formally organize by electing the Chairman, the Vice-Chairman, the President, the Vice President, the Treasurer, who must all be members of the Board of Directors and the Corporate Secretary. At said meeting, the Board may also appoint an Assistant Treasurer and Assistant Secretary, all of whom need not be directors of the corporation, and who shall be referred to as by-laws officers

The Board may from time to time, appoint such other officers, as it may deem necessary or proper.

Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Secretary and President and Treasurer at the same time. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him.

³² Article 4 Section 1 of APMC-Aklan By laws

A. General Responsibilities of Management

Management stands as the locus of decision-making for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulating the basic strategies for achieving these targets. It also puts in place the infrastructure for the Corporation's success by establishing the following mechanisms in its organization: i) purposeful legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation; ii) useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; iii) information systems that are defined and aligned with IT strategy and the business goals of the Corporation ;iv) a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.

Management is primarily accountable to the Board for the operations of the Corporation. As part of its accountability, it shall inform the Board regularly, promptly and comprehensively about any issues concerning the Corporation's strategy, risk management and compliance. Management shall likewise regularly update the Board of the implementation of the Corporation's strategy and explain variances from the approved plans and targets.

Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders should be maintained;
3. On the basis of the approved audit plans, internal audit examination should cover at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules, and regulations;
4. The Corporation should consistently comply with the financial reporting requirements of the Securities and Exchange Commission;
5. The external auditor s be rotated or changed every five (5) years or earlier, or the signing partners of the external auditing firm assigned to the Corporation.

B. Duties and Responsibilities of the Executive Officers of the Corporation

The Executive Officers of the Corporation are the President and Chief Executive Officer, the Treasurer and/or the Chief Finance Officer, the Corporate Secretary and other executive positions which have been established by the Corporation in the By-Laws and resolutions adopted by the Board of Directors. The Executive Officers shall be appointed by the Board of Directors. In addition:

The Board of Directors shall appoint (from time to time) one or more Senior Managing Directors and Managing Directors, and such other officers, agents and employees as provided for in the Corporation's By-Laws.

1. President/Chief Executive Officer (CEO)

Minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, being ultimately accountable for the Corporation's organizational and procedural controls. The President shall:

- i. have general supervision of the business, affairs, and property of the Corporation, and over its employees and officers;
- ii. see that all orders and resolutions of the Board of Directors are carried into effect;
- iii. submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs;
- iv. report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice;
- v. Implements the corporation's strategic plan on the direction of the business;
- vi. Communicates and implements the corporation's vision, mission, values and overall strategy as formulated by the board and promotes any organization or stakeholder change in accordance with the same;
- vii. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;

- viii. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
- ix. Directs, evaluates and guides the work of the key officers of the corporation;
- x. Manages the corporation's resources prudently and ensures a proper balance of the same;
- xi. Provides the Board with timely information and interfaces between the Board and the employees;
- xii. Builds the corporate culture and motivates the employees of the corporation; and
- xiii. Serves as the link between internal operations and external stakeholders.

The President / CEO shall have such other responsibilities as the Board of Directors may impose upon him.

2. Treasurer

The Treasurer of the Corporation shall have charge of the funds, securities, receipts and disbursements of the Corporation. He shall have the following functions:

- i. Deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board may from time to time designate;
- ii. regularly and at least every quarter render to the President or to the Board an account of the fund condition of the Corporation and of all his transactions as such;
- iii. ensure funds availability on a timely basis and at the most economical means;
- iv. optimize yields in temporary excess funds;
- v. provide relevant and timely capital market information;
- vi. ensure appropriate coverage and management of risk to resources;

The Treasurer shall have such other responsibilities as the Board of Directors may impose upon him.

3. Chief Finance Officer (CFO)

The Chief Finance Officer shall be appointed by the Board of Directors. The CFO who may also be the Treasurer of the Corporation shall be responsible for the following:

- i. provide management with accurate, relevant, and timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- ii. maintain the integrity of accounting records as the basis of financial statements and reports provided to management for decision-making and to government regulatory bodies in compliance with statutory requirements;
- iii. promote investor confidence in the Corporation by addressing the various information requirements of the investing public and ensuring that all other legal reportorial obligations to various entities are complied with;
- iv. Strengthen internal controls by monitoring compliance with policies;
- v. recommend to management appropriate actions and changes in systems and procedures as necessitated by circumstances.

The Chief Finance Officer shall have such other responsibilities as the Board of Directors may impose upon him.

4. Corporate Secretary³³

The Corporate Secretary may not be a member of the Board of Directors. He/She shall be a separate individual from the Compliance Officer and shall annually attend a training on corporate governance.

The Corporate Secretary is primarily responsible to the corporation and its shareholders and not to the Chairperson or President of the Company and has, among others, the following duties and responsibilities:

- i. Assists the Board and the Board committees in the conduct of their meetings (i.e. agenda setting, preparation of annual schedule of

³³ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 1.5

meetings and board calendar);

- ii. Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders as well as other official records of the corporation;
- iii. Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
- iv. Works fairly and objectively with the Board, Management and shareholders and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders as well as other stakeholders;
- v. Advises on the establishment of board committees and their terms of reference;
- vi. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- vii. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- viii. Performs all required administrative functions;
- ix. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- x. Performs such other duties and responsibilities as may be provided by the Board and the Commission.

6. Compliance Officer³⁴

The Board shall be assisted in its duties by a Compliance Officer, who shall have a rank of Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

³⁴ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 1.6



(Formerly, Allied Care Experts (ACE) Medical Center-Aklan Inc.)

The Compliance Officer is a member of the company's Management team in charge of the compliance function. Similar to the Corporate Secretary, he is primarily liable to the corporation and its shareholders, and not to the Chairperson or President of the company. He has, among others, the following duties and responsibilities:

- i. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- ii. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- iii. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- iv. Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;
- v. Appears before the SEC when summoned in relation to compliance with this Code and other relevant rules and regulations;
- vi. Collaborates with other departments within the company to properly address compliance issues, which may be subject to investigation;
- vii. Identifies possible areas of compliance issues and works towards the resolution of the same;
- viii. Ensures the attendance of board members and key officers to relevant trainings; and
- ix. Performs such other duties and responsibilities as may be provided by the Board and SEC.

ARTICLE IV

GOVERNANCE POLICY ON CONFLICT OF INTEREST

A. CODE OF BUSINESS CONDUCT & ETHICS

1. The Company has a Code of Business Conduct and Ethics³⁵, a separate policy document which sets the standard for directors, officers and employees³⁶ of APMC-Aklan that guides them in arriving at the right decisions in the performance of their roles and responsibilities across various functions in the company and in handling relationships with all stakeholders.
2. The Code of Business Conduct and Ethics shall contain an anti-corruption policy³⁷ and a whistleblower policy.³⁸
3. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics by ensuring that internal controls are in place to ensure each Board Member's compliance.³⁹

B. RELATED POLICIES UNDER THE CODE OF BUSINESS CONDUCT AND ETHICS

Directors, officers and employees shall always advance the interest of the Corporation over their personal interests. They are required to be loyal to the organization so much so that they may not directly or indirectly take undue advantage of their position in the Corporation. They must promote the common interest of all shareholders and other stakeholders, and the Corporation without regard to their own personal interests.

A conflict of interest exists when a Director, officer or employee of the Corporation—

1. Supplies or is attempting or applying to supply goods or services to the Corporation;
2. Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation;

³⁵ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 7.1

³⁶ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 15.1

³⁷ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 15.2

³⁸ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 15.2

³⁹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 7.2



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3. Acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation;
4. Accepts gifts or invitations of any form from the supplier, customer or business partner of the Corporation, or from any third person or entity with existing or intended business dealings with Corporation, except when the gift or invitation is directly attributable to purely familial or personal relationships, only of nominal value, a simple promotional item or is part of the supplier's public relations program or part of business meetings or discussions;
5. Engages in a business or activity which competes with or works contrary to the best interests of the Corporation.
6. Uses material company information of which they may have knowledge and/or access by reason of their office in, or employment with, the Corporation to their personal advantage or the advantage of any third party to the prejudice of the Corporation;

If an actual or potential conflict of interest should arise on the part of Directors, the concerned Director shall not participate in the discussion of, and vote on, the matter where he is in conflict of interest. A Director who has a continuing conflict of interest of material nature should either resign or, if the Board deems appropriate, be removed from the Board.

A contract of the Corporation with one or more of its Directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:

1. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
2. The vote of such Director was not necessary for the approval of the contract;
3. The contract is fair and reasonable under the circumstances;
4. In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with a Director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the Director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.



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Where a Director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the Director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the Director risked his own funds in the venture.

Directors, officers and employees who have personal or pecuniary interest on any enterprise with which the APMC-Aklan has an existing or intended transaction shall fully disclose the relevant facts of the situation to the Chairman of the Board in the case of the Directors, President and CEO, to the President in case of the Managing Directors, and to the Compliance Officer in the case of employees. All disclosures shall be submitted to the Human Resource Head. Any information disclosed under this rule shall be treated confidential except to the extent necessary to evaluate the situation and pre-empt the conflict of interest. The disclosure requirement provided above shall apply to transactions between the APMC-Aklan and any enterprise owned by, or in which there is pecuniary interest in the part of, any family or close personal relations of the Directors, officers and employees;

When the gift does not fall under any of the conditions set above, the Director, officer or employee concerned are encouraged to turn over the gift to appropriate committee for inclusion in the Corporation's Christmas party raffle;

Directors, officers and employees must immediately report any offer or gift of any value given to them or their immediate family with a view to get favors or to influence business recommendations, proposals or decisions affecting the Corporation or any of its related companies. The report shall be made to the Chairman of the Board in the case of the Directors, President and CEO, to the President in case of the Managing Directors, and to the Compliance Officer in the case of employees. All disclosures shall be submitted to the Human Resource Head;

The foregoing is without prejudice to the Corporation's existing Code of Conduct and Ethics for Directors, officers and employees.

ARTICLE V

COMPLIANCE SYSTEM AND INTERNAL CONTROL

APMC-Aklan shall have an adequate and effective internal control system and an Enterprise Risk Management framework in the conduct of its business, taking into account its size, risk profile, nature and complexity of operations.⁴⁰

⁴⁰ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 8.3

A. COMPLIANCE OFFICER

The Compliance Officer oversees the implementation of the Company's compliance programs. The programs take into account the relevant rules and regulations that affect its operation, and the business risks that may arise due to non-compliance. By using regulatory and self-assessment compliance matrices, compliance measures are formulated to mitigate identified business risks and tested to ensure effectiveness.

B. INTERNAL AUDIT⁴¹

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

The Internal Audit Group shall provide independent and objective assurance and advisory services to the Corporation designed to add value and improve on the organization's operations. It shall provide the Board, Management, the stockholders and other stakeholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with. It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account the nature and complexity of the business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

The Internal Audit Group performs its auditing functions faithfully by maintaining independence from the management and controlling shareholders.

The Internal Audit Group shall be headed by a Chief Audit Executive. The Chief Audit Executive shall preferably be a Certified Public Accountant and/or a Chief Internal Auditor and shall report to the Audit Committee of the Board of Directors.

The Internal Audit Group governs its work in adherence to The Institute of Internal Auditors' "Code of Ethics" and the Corporation's Code of Conduct and Ethics. The Internal Audit also conducts its activities in accordance with the International Standards for the Professional Practice of Internal Auditors and guided by the COSO framework of internal control. Otherwise, the Chief Audit Executive shall disclose to the Board and Management that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.

The Internal Audit Group has the following specific duties and responsibilities:

⁴¹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 12.2

- i. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting of the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- ii. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- iii. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- iv. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- v. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- vi. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- vii. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- viii. Monitors and evaluates governance processes.

C. External Audit

The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented.⁴²

1. The External Auditor shall—
 - i. perform fair audits independently from the Corporation, its management and controlling shareholders, so that shareholders and other users may maintain confidence in the Corporation's accounting information;

⁴² 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 9.1

- ii. check whether any fact conflicts with the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
 - iii. attend the annual stockholders meeting and answer any questions on audit reports and on themselves, their work and their remuneration;
 - iv. perform such other functions as may be approved by the Board or the Audit Committee in its engagement of the auditor, *provided, however*, that non-audit work shall not be in conflict with the functions of the auditor as external auditor.
2. The External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed.
 3. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.
 4. If an external auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are incorrect or incomplete, he shall discuss his views with Management and Audit Committee and present his views in said reports.
 5. Should the External Auditor render any non-audit service to APMC-Aklan, the nature of such shall be disclosed in the Annual Report in the interest of managing conflict of interest.⁴³

ARTICLE VI

DISCLOSURE AND TRANSPARENCY

As declared in its Code of Business Conduct and Ethics, APMC-Aklan adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company to give a fair and complete picture of the Company's financial condition, results and business operations.⁴⁴

All directors and officers of APMC-Aklan shall disclose/report to the company any of its dealings in the company's shares within five (5) business days from such

⁴³ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 9.3

⁴⁴ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 8.1

dealings.⁴⁵

This Manual shall contain APMC Aklan's corporate governance policies, programs and procedures which shall be submitted to the SEC and published in the company website.⁴⁶

ARTICLE VII

COMMUNICATION AND INFORMATION

A. MANAGEMENT'S RESPONSIBILITY FOR INFORMATION

Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall:

1. Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
2. Explain the irresponsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
3. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
4. Maintain a sound system of internal control to safeguard stockholders' and other stakeholders' investment and the Corporation's assets;
5. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
6. Require the Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior

⁴⁵ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 8.2

⁴⁶ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 8.3

management.

Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts and monthly internal financial statements. Any variance between projections and actual results should also be disclosed and explained by Management to the Board.

B. The Investor Relations Function

There shall be an Investor Relations Office⁴⁷ within the Corporation, which shall be tasked with:

1. Creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;
2. Formulation of a clear policy on communicating or relating relevant information to Corporation stockholders and other stakeholders and to the broader investor community accurately, effectively and sufficiently;
3. Preparation of disclosure documents to the Securities and Exchange Commission, and Dissemination of this Manual and the conduct of an orientation program for the Board and Management.

The Investor Relations Division shall report to the Corporate Secretary who shall act as the Chief Information Officer of the Corporation for purposes of reporting and disclosures to the SEC.

C. SUSTAINABILITY REPORTING

APMC-Aklan shall have a clear and focused strategy on the disclosure of non-financial information. APMCI's strategic (long-term goals) and operational objectives (short-term goals) as well as impacts of a wide range of sustainability issues, with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability⁴⁸

D. WEBSITE

APMC-Aklan shall have a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.⁴⁹

⁴⁷ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 13.5

⁴⁸ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 10.1

⁴⁹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 11.1

E. PUBLICATION OF THE MANUAL ON CORPORATE GOVERNANCE

This Manual shall be submitted to and made available at the Securities and Exchange Commission. It shall also be available for inspection by any stockholder and other stakeholders of the Corporation at its principal office during reasonable hours on a business day and published in the website.

ARTICLE VIII

STOCKHOLDER'S RIGHT AND PROTECTION OF MINORITY INTERESTS

A. SHAREHOLDERS' RIGHTS⁵⁰

The company treats all shareholders fairly and equitably, and recognizes, protects and facilitates the exercise of their rights.

1. Voting Right

All shareholders, including minority shareholders, have the right to nominate, elect, remove and replace Directors and vote on material corporate acts in accordance with the Revised Corporation Code.

2. Pre-emptive Right

A preemptive right is the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation lays down the procedure by which this right may be exercised.

3. Right of Inspection

Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Revised Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions without prejudice to laws governing Data Privacy.

4. Right to Information

Upon request and for a legitimate purpose, a shareholder shall be provided with periodic reports which disclose personal and professional information about the Directors and officers and certain other matters such as their

⁵⁰ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 13.1

holdings of the Corporation's shares, dealings with the Corporation, relationships among Directors and key officers, and the aggregate compensation of Directors and officers. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the Commission. In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information. They shall also have the right to be informed of the nomination and removal process and of the voting procedures that would govern the Annual and Special Shareholders' Meeting.

5. Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board. However, the Commission may direct the corporation to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for a special reserve for probable contingencies.

6. Appraisal Right

In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- i. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- ii. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- iii. In case of merger or consolidation.

7. Right to Propose Meeting

Pursuant to the provisions of the Revised Corporation Code, shareholders shall have a Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting, provided the items are for legitimate business purposes.

The Notice of Annual and Special Shareholders' Meeting shall be sent with the Preliminary Information Statement to the Stockholders at least 21 calendar days or 25 business days before the meeting whichever is earlier.⁵¹

The result of the votes on matters taken during the most recent Annual or Special Shareholder's Meeting shall be publicly available the next working day. The Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five (5) business days from the date of meeting.⁵²

B. DUTIES TO STAKEHOLDERS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. The following are among the stakeholders of APMC-Aklan: Patients, physicians, employees, creditors, the Akeanon Community, the Aklan Provincial Government, the Department of Health, the Food and Drug Administration and other regulatory bodies not expressly mentioned herein.

Where the rights and/or interests of the aforementioned stakeholders are at stake, they shall have the opportunity to obtain prompt effective redress for the violation of their rights.⁵³

The Board shall establish clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of APMC-Aklan stakeholders.⁵⁴

⁵¹ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 13.2

⁵² 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 13.3

⁵³ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 14.1

⁵⁴ 2019 Code of Corporate Governance for Public Companies and Registered Issuers, Recommendation 14.1



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ARTICLE IX

PENALTIES FOR NON-COMPLIANCE

APMC-Aklan shall establish an evaluation system to determine and measure compliance with this Manual.

Violation thereof or non-compliance shall be subject to penalty as maybe determined by the Board of Directors ranging from reprimand to removal from office.

ARTICLE IX

REVIEW AND AMENDMENT OF MANUAL

The provisions of this Manual and the enforcement thereof shall be subject to yearly review unless otherwise stated by the Board.

All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant state.

This Manual is subject to review and amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

ARTICLE IX

ADOPTION AND EFFECTIVITY

This Manual was adopted by the Board of Directors on 27 November 2021. It shall be effective immediately as have been properly established and aligned with the Corporation's Policies and Regulations as well as its By-laws, thoroughly disseminated and duly approved. Amendments to comply with regulatory issuances of the Securities and Exchange Commission shall be deemed adopted and effective upon effectivity of the relevant regulatory issuance.



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Pursuant to the requirement of the Securities and Exchange Commission, this Revised Manual on Corporate is signed on behalf of the registrant by the undersigned thereunto duly authorized, in the City of Pasig on 1 December 2021.

SIGNATURES



FERJENEL G. BIRON, M.D.
CHAIRMAN OF THE BOARD



MAYLENE B. VILLANUEVA
COMPLIANCE OFFICER



(Formerly: Allied Care Experts (ACE) Medical Center-Asian Inc.)

BOARD NOMINATION AND ELECTION POLICY

Page 1

POLICY STATEMENT

The Board recognizes the importance of having a qualified and competent Board to achieve Company objectives as well as to protect the interest of all its stakeholders and shall ensure that proper nomination and election process is in place to attain this.

SCOPE AND COVERAGE

To institute policy and process for the nomination and election of the Board of Directors.

NOMINATION

1. The Board Nomination and Election Committee (the “Committee”) shall oversee the process for the nomination and election of the Board of Directors.
2. All shareholders, regardless of their shareholdings, shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
3. The nomination shall be in writing duly signed by the nominating stockholder or representative duly authorized in writing, with the written acceptance and conformity of the nominee. The nomination must indicate whether the nominee is intended to be an independent director and shall contain the nominee’s age, educational attainment, and full disclosure of work and/or business experience and/or affiliations.
4. The prescribed Nomination Form may be used for convenience. In addition to the Nomination Form, the Nominees for Independent Directors shall also submit a Certificate of Qualification a format of which shall be provided by APMCAI.
5. The Committee shall pre-screen and shortlist all candidates nominated to become members of the board of directors in accordance with the list of qualifications and disqualifications as defined in the Company’s Corporate Governance Manual with due consideration of the requirements of the Corporation Code, the Securities Regulation Code, the Code of Corporate Governance and relevant SEC Circulars (such as the SEC Memorandum Circular No. 16, Series of 2002 and SEC Memorandum Circular No. 24, Series of 2019), as may be amended, relating to the board directors.
6. If there is not enough nominees for directors and/or independent directors, the Nominations and/or Corporate Governance Committees, jointly or separately, as may be agreed upon among the members,



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BOARD NOMINATION AND ELECTION POLICY

Page 2

may by majority vote nominate such number of nominees for the said position/s and include them in the final list to be submitted at the stockholders' meeting.

7. All nominations for directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at the principal office of the Corporation not earlier than sixty (60) days nor later than forty five (45) days prior to the date of the regular or special meeting of the stockholders for the election of the directors. Nominations which are not submitted within such period shall not be valid. Only stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected a director of the Corporation.
8. The Committee shall meet to pre-screen all nominees, and shall submit a Final List of Candidates to the Corporate Secretary on such date as may be unanimously agreed upon by the Committee and communicated to the Corporate Secretary, so such list may be included in the Company's Preliminary and Definitive Statements. The list of the nominees for election as members of the Board, as determined by the Committee, shall be final and no other nomination shall be entertained or allowed after the final list of nominees is prepared. No further nominations shall be allowed on the floor during the actual Annual Stockholders' Meeting.
9. In case of vacancy in the Board other than removal of a director or expiration of term, the Committee shall determine and identify the qualified nominee and recommend to the Board, if the remaining directors still constitute a quorum, to elect such qualified nominee to fill the vacancy. Taking into consideration the requirements set forth in their respective Charters, the Committee shall identify and recommend directors to fill vacancies set forth in their respective charters.

The Nomination and Election Committee shall be guided by and shall ensure compliance with the SEC Memorandum Circular No. 16 Series of 2002 in the conduct of the nomination and election process.

EXHIBITS

Exhibit 1 – Nomination Form

Exhibit 2 – Signed and Notarized Acceptance of the Nominee

Exhibit 3 – Certificate of Qualification of Independent Directors



ASIA PACIFIC
MEDICAL CENTER
(APMC)-AKLAN INC.

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BOARD NOMINATION AND ELECTION POLICY

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LEGAL BASIS

Revised Code of Corporate Governance

SEC Memorandum Circular No. 16 Series of 2002

SEC Memorandum Circular No. 24, Series of 2019

ELECTION

1. The conduct of the election of director/s shall be made in accordance with the standard election procedures prescribed in APMCAI's by-laws which must be consistent with pertinent laws, rules and regulations of the SEC.
2. At all meetings of stockholders, a stockholder may vote in person, remote communication or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been represented to the secretary.
3. All proxies must be in the hands of the Secretary not later than one (1) day before the scheduled meeting. Based on the scheduled stockholders' meeting, the deadline of submission is on the FIRST SATURDAY OF APRIL on or before 5:00 p.m. Such proxies filed with the Secretary may be revoked by the stockholder concerned either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by his personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until set aside by a court of competent jurisdiction.
4. Voting for the election of members of the Board of Directors shall be by shares of stock, that is, one share entitles the holder thereof to one vote, two shares to two votes, etc., but in the election of members of the Board of Directors, any stockholder may cumulate his vote as provided for in the Corporation Law.
5. In the election of members of the Board of Directors, the fifteen (15) nominees receiving the highest number of votes shall be declared elected.

ELECTION OF INDEPENDENT DIRECTORS

- a. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent directors are elected during the stockholders' meeting.
- b. Specific slot/s for independent directors shall not be filled-up by unqualified nominees.



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BOARD NOMINATION AND ELECTION POLICY

Page 4

- c. In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

PUBLICATION

The result of the elections shall be published in the Company Website within 30 days from the date of election.

POLICY REVIEW

The Corporate Governance Committee shall review the Policy annually to assess its effectiveness. The Committee shall discuss and recommend amendments to the Board, as it deemed necessary.

EFFECTIVITY

This Policy shall take effect upon approval by the Board of Directors and shall continue to be in full force unless superseded by new polices and guidelines.



(Formerly: Allied Care Experts (ACE) Medical Center-Aklan Inc.)

THE CODE OF BUSINESS CONDUCT AND ETHICS

Page 1

1. Preamble

The Manual provides that:

xxxxxx

This Code of Business Conduct and Ethics shall be the guiding principle of the directors, officers and employees when transacting business on behalf of the Company.

The directors, officers and employees shall be accountable to the Company, discharge their duties with utmost honesty, integrity and competence, and at all times, follow the highest standards of business conduct and ethics.

2. Definitions

Board means the Board of Directors of the Company

By Laws means the By Laws of the Company and any amendment thereof

Code means this Code of Business Conduct and Ethics

Company means Asia Pacific Medical Center (APMC) – Aklan Inc.

Complainant means any person filing any complaint for violation of the Code

Compliance Officer means the officer designated and appointed by the Board to exercise the functions of the office specified in the Manual.

Directors means the members of the Board

Manual means the Manual of Corporate Governance of the Company adopted pursuant to SEC Memorandum Circular No. 25, Series of 2020 issued on December 19, 2019.

Officers means those performing executive functions and enumerated under or appointed pursuant to the Company's By Laws

Respondent means the person being charged for violation of the Code

SEC means the Securities and Exchange Commission



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THE CODE OF BUSINESS CONDUCT AND ETHICS

Page 2

3. Persons Covered

This Code shall apply to all Directors, Officers and employees of the Company.

4. Honesty and Fair Dealing

The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties.

Directors, Officers and employees shall act honestly, ethically and comply with all applicable laws, rules and regulations and protect the name and reputation of the Company.

Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.

Officers and employees involved in the procurement process for services, materials, supplies, and equipment shall strictly comply with the Company's Procurement Policy. The Procurement Policy is an integral part of this Code.

Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors and to the immediate supervisor in case of officers and employees. ¹The Company shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Company may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.

The Implementing Guidelines on the Reporting of Fraudulent or Dishonest Acts are contained in the Whistle Blower Policy of the Company.

5. Conflict of Interest

A conflict of interest arises when a Director, or an Officer or employee appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of the Company. It is not required that there be an actual conflict, it is only required that there could be perceived or seen to be a conflict by an impartial observer.

¹ Check disclosure requirement



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THE CODE OF BUSINESS CONDUCT AND ETHICS

Page 3

When an actual or apparent conflict of interest arises, a Director must inform the Board, and the Officer or employee must immediately inform his immediate supervisor. Such Director, Officer or employee should not participate in, or in any way seek to influence, any negotiations, or decisions pertaining to the transaction, which is the subject of interest.

The Director, Officer or employee must also file a Conflict of Interest Report with the Board in case of a director or to the immediate supervisor in case of an officer or employee. The report shall indicate a brief description of the conflict, the date when the Board, or immediate supervisor were notified, and the action taken on the conflict.

A copy of the Conflict of Interest Form shall be available at the Audit Committee.

No Officer or employee may have financial interest in a privately owned enterprise, which directly or indirectly deals or transacts business with the Company.

A Director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests.

No Director, Officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company's ethical standards.

No Director, Officer or employee shall use the Company's facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party's personal purpose.

6. Corporate Entertainment / Gifts

Directors, Officers and employees shall strictly follow the principles of highest ethical business standards and comply with all relevant laws and regulations.

Towards this end, Directors, Officers and employees shall not accept corporate entertainment/gifts with an approximate value of more than Ten Thousand Pesos (Php10,000.00) or anything that can or can be viewed to influence the manner on which a director, officer or employee may discharge his duties.

Within five (5) business days from receipt of corporate entertainment and gifts, directors, officers and employees are required to submit a report to the Board, in case of directors, or to their immediate supervisor, in case of officers and employees. The report shall identify the giver, date of receipt, and type and approximate value of the corporate entertainment/gifts received.

A copy of the form for the Report on Corporate Entertainment and Gifts shall be available at the Audit Committee.



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7.4 Directors and Officers who may be covered by the reporting requirements of the Securities and Exchange Commission (SEC) in respect of their shareholding in the Company or any changes thereof shall do so promptly and accurately. Notwithstanding anything to the contrary, the directors shall report their dealings in Company shares one (1) business day before the dealing and within seven (7) business days after the dealing.

7. Disclosure

The Company hereby adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company to give a fair and complete picture of the Company's financial condition, results and business operations.

The Company shall ensure transparency of information to its shareholders, stakeholders and the public. It shall regularly and truthfully update its shareholders, stakeholders and the public on its financial and operational results, business prospects and all other relevant information.

The Company shall fully comply with all the disclosure and reporting requirements of the SEC and all other government and regulatory agencies.

Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person.

No Director, Officer or employee shall disclose any confidential information obtained from the Company for personal gain or for the advantage of any other person. This prohibition shall include investment in securities and association with a competitor, customer or supplier of the Company.

8. Creditor Rights

The Company values its partnership with its creditors. The Company shall at all times, strictly comply with its covenants under its agreements with its creditors.

No distribution or disposal of assets of the Company shall be made except:



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- (a) When allowed by the law; or
- (b) By decrease of capital stock; or
- (c) Upon lawful dissolution and after payment of all its debts and liabilities;
- (d) When allowed by the material agreements of the Company, but without prejudice to vested rights.

9. Anti-Corruption

The Company strictly prohibits giving facilitating payments to any private or government officials or employees, their agents or intermediaries in order to expedite or secure performance of any governmental action, or to gain any perceived or actual favor or advantage from any private or government entities. The Company must ensure that it and its directors, officers and employees fully comply with the laws governing bribes, unlawful payments and other corrupt practices.

10. Anti-Sexual Harassment

The Company values the dignity of every individual, promotes the enhancement of the development of its human resources, guarantees full respect for human rights, and uphold the dignity of its stakeholders, customers, workers, employees, applicants for employment, students or those undergoing training, instruction or education. Hence, the Company shall ensure that its directors, officers and employees subscribe strictly to this policy. All forms of sexual harassment shall be dealt with appropriately and in accordance with the applicable and all relevant laws, rules and regulations on the subject matter.

Sexual Harassment means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.

11. Office of the Compliance Officer

Except as otherwise provided in this Code, the Office of the Compliance Officer shall be primarily responsible for the implementation of this Code.

There shall be a Corporate Governance Panel (the Panel) composed of three (3) members which shall be assisted by the Compliance Officer. The Vice President for Operations shall be the ex-officio chairman of the Panel, while the Heads of the Internal Audit Department and the Human Resource Department of the Company shall be the ex-officio members.

The Panel shall be responsible for receiving and investigating complaints for violations of the Code.



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In performing any function within their authority pursuant to this Code, the chairman and the members of the panel may appoint their respective representatives.

The Panel shall, in the conduct of investigation, comply with the following procedures:

- (a) A complaint may be filed with the Panel in writing.
- (b) The Respondent shall be notified of the Complaint against him and shall be given a period of five (5) days within which to respond to the notice. The notice shall attach the Complaint, if any, or shall specify in detail the subject of the Complaint.
- (c) The Panel may, based on the response of the Respondent, conduct further hearings or dismiss the Complaint *motu proprio*. However, no finding of violation of the Code shall be issued *motu proprio*.
- (d) After conducting hearings, the Panel shall issue a resolution either finding the Respondent to have violated the Code or dismissing the Complaint to be endorsed to Compliance Officer who will recommend appropriate disciplinary action to the Board. In which case, all resolutions of the Panel shall be endorsed to the Board for his final decision.
- (e) The Board may either affirm or reverse the resolution of the Panel. The Respondent shall be furnished with a copy of the decision of the Board.

A decision exonerating the Respondent shall be deemed final and executory. A finding of violation shall be referred to the Human Resource Department for appropriate action. A decision issued after a finding of violation of the Code shall form part of the 201 File of the Officer or the employee. If the decision involves a director, it will constitute a permanent disqualification for nomination and election to the Board.

12. Implementation and Monitoring of the Code

The Code shall be distributed to all directors, officers and employees, who shall signify, in any manner capable of being recorded, that they have received, read and understood the Code. The Office of the Compliance Officer shall keep a record of this acknowledgement.

A Director, officer or employee who becomes aware of any violation of the Code shall immediately notify the Board, in case of a Director, or the immediate supervisor or the Office of the Compliance Officer, in case of officers and employees. The Board and the Office of the Compliance Officer shall take all the necessary action to investigate any and all reported violations.



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An officer or employee who commits a violation of this Code shall be subject to disciplinary action, without prejudice to any civil or criminal proceedings that the Company or any government regulators or agencies may institute for violation of existing laws, rules or regulations.

Directors who violate the applicable provisions of this Code shall be subject to disciplinary actions by the Board, in accordance with existing laws, rules, and regulations, the By Laws of the Company, and other company policies. This is without prejudice to any liability, whether criminal, civil or otherwise, of the directors under the provisions of existing laws, rules and regulations.

The Board or the Office of the Compliance Officer, as the case may be, shall be responsible for implementing and monitoring compliance with the Code. The Office of the Compliance Officer shall also have the authority to decide any issues that may arise in connection with the implementation of this Code.

There shall be no exceptions from or waivers of any provision of this Code, except as expressly approved by the Board, as the case may be, in writing, and only under exceptional circumstances. The Office of the Compliance Officer shall maintain a record of all such requests for exceptions and waivers, and the basis for the grant thereof.

In case of doubt regarding the interpretation and application of this Code, the matter should be referred to the Office of the Compliance Officer, except when the individual involved is a director, in which case, the matter shall be referred to the Board of Directors.

The provisions of this Code shall be without prejudice to the provisions of existing and relevant laws, rules and regulations.

13. Effectivity

The code or any amendments thereof shall become effective when approved by the Board.



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CONFLICT OF INTEREST FORM

Name:	Date of Report:
Position;	Department/Group:
Brief Description of the Conflict:	
	Signature

-To Be Filled up by the Office of the Compliance Officer-

Register No.

Recommendation:

Recommended by:

Date: _____

Final Action Taken by the Office of the Compliance Officer:

Date: _____



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CORPORATE ENTERTAINMENT/GIFT FORM

<u>Name of Recipient</u>	<u>Date Received</u>	<u>Name of Giver of Gift/Entertainment</u>	<u>Type of Gift/Entertainment</u>	<u>Status</u>

Submitted by

Name/Position

Date



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TRADE REPORT

I, [name of Director/Officer/employee], hereby report that I made the following trades on the shares of Asia Pacific Medical Center – Aklan, Inc. for the [first/second/third/fourth] quarter of 20:

Date	Number of Shares Sold	Number of Shares Purchased	Total

Name/
Position

Date



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NOMINATIONS AND ELECTION COMMITTEE CHARTER

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I. PURPOSE

The Nominations and Election Committee is in charge of assisting the board of directors in determining the nomination and election process for the company's directors and defines the general profile of board members that the company may need.

II. MEMBERSHIP

1. The Nominations and Election Committee shall be composed of at least three (3) members of the Board of Directors, at least one of whom shall be an independent director.
2. The Board of Directors shall have the power to remove and replace the members, of and fill vacancies in the Nominations and Election Committee.
3. The Board of Directors may appoint one or more persons to serve as advisor(s) to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action by the Committee.

III. DUTIES AND RESPONSIBILITIES

The Nominations and Election Committee shall ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election.

It shall also:

- a. Review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board, and provide assessment on the Board's effectiveness in directing the process of renewing and replacing the Board's members; and
- b. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors, taking into account the qualifications and disqualifications prescribed by law and APMCAI's Articles of Incorporation, By-Laws and Manual on Corporate Governance.



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NOMINATIONS AND ELECTION COMMITTEE CHARTER

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IV. Meeting and Access; Procedures

1. The Committee shall hold meetings at such times and places as it considers appropriate provided that it shall be done quarterly.
2. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate and the Chairman shall convene a meeting upon the request of a majority in number of the voting Members of the Committee.
3. A Committee meeting shall be convened by not less than one (1) weeks' notice in writing, specifying the place, date and time for the meeting and the general nature of the businesses to be transacted at the meeting. The Secretariat of the Committee shall ensure that pertinent materials for the meeting are properly and timely distributed to all Members.
4. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members of the Committee present in the meeting at which there is a quorum.
5. Notice of a meeting of the Committee shall be deemed to be duly given to a Member if it is given to him personally, in writing or orally, or sent to him by mail, e-mail or facsimile transmission to his address, e-mail address or facsimile number, as appropriate, given by him to the Secretariat of the Committee.
6. A majority of all the Members of the Committee shall constitute a quorum.
7. Members of the Committee may participate in a meeting of the Committee through teleconference or video conference conducted in accordance with the relevant issuances of the Securities and Exchange Commission (SEC).



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NOMINATIONS AND ELECTION COMMITTEE CHARTER

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V. Quorum and Voting

1. A majority of the members of the Committee shall constitute a quorum and every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations.
2. Each Member, including the Chairman of the Committee, shall have one (1) vote
3. Whenever a Committee Member has a conflict of interest in a matter to be considered by the Committee which the Committee considers to be material, such interested Member shall abstain from voting on any Committee resolution in which they or any of their associates have a material interest. The Committee shall decide on the matter without taking into consideration the position of the Member who has a material conflict of interest. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

VI. Remuneration of Members

No fees or other remuneration shall be payable to the Members of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, except the per diem or remuneration authorized and approved by the Board or any fees or remuneration to such Member/Advisor that would otherwise be entitled to in his capacity as consultant, advisor or employee of the Corporation.

VII. Resources and Authorities

1. The Committee shall have the resources and authorities appropriate to discharge its functions, duties and responsibilities including the authority to obtain advice from external consultants and functional specialists within the Corporation.
2. The Committee shall report directly to the Board on its decision or recommendation, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
3. The Committee shall have the right to require Management of the Company to furnish all information requested by the Committee as may be required for the purposes of performing its duties.



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NOMINATIONS AND ELECTION COMMITTEE CHARTER

VIII. Committee Reports and Performance Evaluation

1. The Committee shall report its activities to the Board on a regular basis and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.
2. The Committee shall prepare and review with the Board of Directors an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board of Directors on any improvement to the Charter deemed necessary or desirable by the Committee.

IX. Charter Review

The Board shall review and assess the adequacy of this charter annually or as the need arises.



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RENUMERATION AND PERFORMANCE POLICY

POLICY STATEMENT

The Company shall ensure its continued effective performance and sustained growth through leadership continuity for the benefit of all its stakeholders.

OBJECTIVES

The objectives of the Succession Planning Programme are:

1. To identify and nominate suitable candidates for the Board's approval to fill the vacancies that arise from time to time.
2. To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned developments and learning initiatives.
3. To identify the key job incumbents in Senior Managerial positions and recommend whether the concerned individual may be granted an extension of term/service, or be replaced with an identified internal or external candidate or there is a need to recruit suitable candidate/s.
4. To ensure the systematic and long-term development of individuals in the senior management level as ready replacement when the need arises due to deaths, disabilities, retirements and other unexpected occurrence.

SCOPE AND COVERAGE

The Policy applies to the succession planning and remuneration of the Board of Directors, Key Management Personnel and Senior Management Team members as defined and identified by the Corporate Governance Committee

GENERAL POLICIES

I. SUCCESSION PLANNING

1. The Corporate Governance Committee shall periodically review the leadership needs of the Company.
2. The Corporate Governance Committee shall apply a due diligence process to determine the suitability of candidates being considered for appointment or reappointment as Director based on his educational background, experience and track record, the qualifications defined in the Company's Corporate Governance Manual, Board Diversity and other applicable company policies, and other qualifications that the company may require. All re-appointments shall require prior approval of the Corporate Governance Committee.



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RENUMERATION AND PERFORMANCE POLICY

Page 2

Appointment and Succession Plan for Senior Management

1. All appointments, re-appointments, removal and tenure of the Directors shall be governed by the provisions of the Company's Nomination and Election Policy.
2. All hiring and appointments of Senior Managerial Personnel with the rank of AVP and up (equivalent of Job Grades 16 and up) shall be presented, deliberated and approved by the Executive Committee. The ranks (officer title) and position or functional titles of Senior Managerial Personnel shall be conferred by the Corporate Governance Committee. The Human Resources Officer (HRD) shall facilitate the presentation and deliberation process.
3. After securing approval of the Department Heads, the HR Officer shall submit to the VP for HR an inventory of all positions with Job Grades 16 and up. VP for HR shall review, present and secure appropriate approval of the positions for conferment.
4. The Corporate Governance Committee shall periodically review the list of senior managerial personnel due for retirement/attrition within the year with due consideration of possible new vacancies that may arise from business needs and/or up-gradation and shall assess the availability of suitable candidates. Based on the recommendation of the Chief Executive Officer, President and VP for HR, the Committee:
 - 4.1. Shall recommend to the Board the retention or replacement of incumbents after due evaluation using the following criteria: 50% Performance: Consistent Demonstration of Competencies and Impact to the Business Results that can be validated on the Advancement Planning ratings. 50% Demonstration of Leadership Attributes that can be validated through critical incidents and vouching of critical stakeholders on consistent demonstration of the 6 Leadership attributes: ▪ Competent; ▪ Strategic ▪ Innovative; ▪ Passionate; ▪ Entrepreneurial; and ▪ Team Player
 - 4.2. Shall identify the competency requirements of the key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
 - 4.3. May recommend to the Board the appointment of other suitable external candidates based on job roles and competency to provide continuous flow of talented people to meet organizational needs.



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RENUMERATION AND PERFORMANCE POLICY

Page 3

6. In cases where the Committee decided to appoint external candidate, timely and planned steps shall be taken for the selection of a suitable candidate to ensure smooth transition.
7. The regular internal promotion and transfer shall be governed by the Company's applicable policies.
8. Each member of the Senior Management Team together with the HR Officer shall:
 - 8.1 Perform the annual exercise of identifying high potential employees who merit faster career progression to positions of higher responsibility and shall formulate, administer, monitor and review the process of skill development to identify the training requirements.
 - 8.2 Endeavor to add capability in-house and mentor officers with potential to handle bigger roles and responsibilities.
9. In the event of any unexpected occurrence to any member of the core management team, the next person in the organization chart shall take interim charge of the position, pending a regular appointment in terms of the succession plan.
10. The Corporate Governance Committee shall ensure that appointments are compliant with the rules and regulations set by the Securities and Exchange Commission (SEC) and other applicable regulatory agencies for certain Key Positions.

RENUMERATION POLICY

1. The Corporate Governance Committee shall recommend and the Board of Directors shall approve the remuneration of Executive and Non-Executive Directors.
 - 1.1. Fixed remuneration for non-executive directors (including Independent) shall reflect the time commitment and responsibilities of the role.
 - 1.2. The remuneration of Executive Directors may be a combination of fixed monthly salary in terms of their appointment as approved by the Board and variable pay based on the Company's and individual performance.

The Corporate Governance Committee shall determine and decide the performance parameters and/or measurable standards applicable to the Executive Directors that will serve as the basis for the variable pay.
 - 1.3. The Corporate Governance Committee may consider aligning Key Executives and Board remuneration with the longer-term interests of the company and its shareholders.



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RENUMERATION AND PERFORMANCE POLICY

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1. The compensation structure for Key Management Personnel and Senior Management Team members may consist of fixed salary component and variable performance-based compensation. The compensation structure shall be devised to help the Company attract and retain top talents to efficiently run the Company with a long-term perspective.

POLICY REVIEW

The Corporate Governance Committee shall review the Policy annually to assess its effectiveness. The Committee shall discuss and recommend amendments to the Board, as it deemed necessary.

EFFECTIVITY

This Policy shall take effect upon approval by the Board of Directors and shall continue to be in full force unless superseded by new polices and guidelines.



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RELATED PARTY TRANSACTION POLICY

Page 1

I. Statement of Policy

This Policy of the Board sets out APMCAI's approach to Related Party Transactions (RPT).

APMCAI may enter into RPTs from time to time when these are in the best interests of the Company. When the Company enters into RPTs, they should be:

1. on an arm's length which must be for valuable consideration and on terms no less favourable than any such terms offered by unrelated third parties;
2. with sufficient documentation; and
3. subject to appropriate oversight of the Committee.

Any RPTs entered into by APMCAI must at all times comply with the requirements of the Revised Corporation Code, its Articles of Incorporation and By-laws, Manual of Corporate Governance, Committee Charter and other related laws, rules and regulations of the Philippines and this Policy.

II. Objectives of this Policy

1. Provide general guidelines on what constitutes RPTs;
2. Manage Conflict of Interest situations and comply with Philippines regulatory and good governance practices; and
3. Ensure that the appropriate process for approval of the transaction has been observed.

III. Scope of Policy

All RPTs as defined in this document in connection with the Company.



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RELATED PARTY TRANSACTION POLICY

Page 2

IV. Definition of Terms

- a. **Board** - means the board of directors of the Company.
- b. **Company** - means Asia Pacific Medical Center (APMC) – Aklan Inc. or APMCAI
- c. **Code** - means the APMCAI Code of Business Conduct.
- d. **Committee** - means the Audit Committee of the Company.
- e. **Conflict of Interest** - means a situation when a Related Party appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of the Company. It is not required that there be an actual conflict, it is sufficient that conflict be seen to exist by an impartial observer.
- f. **Control** – a person or an entity controls the company if and only the person or entity has all of the following:
- Power over the company
 - Exposure, or rights, to variable returns from its involvement with the company; and
 - The ability to use its power over the company to affect the amount of the company’s returns.
- g. **Director** means a member of the Board of Directors of the Company.
- h. **Management Committee** means the governing body of the Company composed of the President and other officers of the Company having authority and responsibility for planning, directing, controlling or implementing the activities or transactions of the Company, directly or indirectly.
- i. **Material Related Party Transactions**- any related party transaction/s, either individually, or in aggregate over a twelve (12) month period with the same related party, amounting to ten percent (10%) or higher of a company’s total consolidated assets based on its latest audited financial statement.
- j. **Materiality Threshold** - ten percent (10%) of the company’s total consolidated asset based on its latest financial statements.
- k. **Immediate Family Member** - means with respect to any Person, the relative of such Person up to the second degree of consanguinity or affinity.
- l. **Manual** - means the Company’s revised Manual of Corporate Governance pursuant to SEC Memorandum Circular No. 24 Series of 2019 issued on 19 December 2019.



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RELATED PARTY TRANSACTION POLICY

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m. **Person** means an individual, corporation, partnership, joint venture, unincorporated association, trust or other juridical entity or any Governmental Authority

n. **Related Party** means with respect to the Company:

- a) Person/s that has or have control or joint control over the Company;
- b) Person/s that has or have significant influence over the Company;
- c) Person/s that is or are controlled by or under common control with the Company;
- d) The Directors and/or members of the Management Committee of the Company; and
- e) Any Immediate Family Member of a Director or member of the Management Committee of the Company.

o. **Related Party Transactions (RPT)** means a transfer of resources, services or obligations between APMCAI and a related party, regardless of whether a price is charged or outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

p. **Reporting Entity** means a person or Company preparing the financial statements. For purposes of this Policy, the Reporting Entity shall be the Company.

q. **Related Party Registry** is a record of the organizational and structural composition, including any change thereon, of the company and its related parties.

r. **Stakeholders** mean the shareholders, members of the Board of Directors, officers and employees of the Company.

s. **Significant Influence** means the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

t. **Substantial Stockholder** means is any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity or security.

IV. DUTIES AND RESPONSIBILITIES

A. Board of Directors

The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the company's shareholders and other stakeholders.



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RELATED PARTY TRANSACTION POLICY

Page 4

Towards this end, the board of directors shall carry out the following duties and responsibilities:

1. To institutionalize a comprehensive policy on the management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged.

2. To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material RPTs previously approved.

3. To establish an effective audit, risk and compliance system to:

- Determine, identify and monitor related parties and material RPTs;
- Continuously review and evaluate existing relationships between and among businesses and counterparties; and
- Identify, measure, monitor and control risks arising from material RPTs.

The system shall be able to define the related parties' extent of relationship with the company; assess situations in which a non-related party (with whom a company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the company to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the policies shall be subject to periodic assessment by the internal audit and compliance officers and shall be updated regularly for their sound implementation. The policy and the system shall be made available to the SEC and audit functions for review. Any change in the policies and procedures shall be approved by majority of the board of directors and ratified by the majority stockholders constituting a quorum.

3. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The board should ensure that senior management addresses legitimate issues on material RPTs that are raised. The board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. Senior Management

Senior management shall implement

- appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis.
- Measures to monitor exposures to related parties on an ongoing basis to ensure compliance with the company's policy and SEC's regulations.



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RELATED PARTY TRANSACTION POLICY

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C. Finance

The Finance Department shall carry out the following functions:

- Report quarterly all RPTs to the Audit Committee;
- Monitor aggregate RPTs on an ongoing basis in case transactions meet and exceed the materiality threshold covering the same related party, to ensure compliance with this policy and SEC regulations;

V. Related Party Transactions Categories

This policy distinguishes between Exempt RPTs, Material RPTs and Prohibited RPTs.

Exempt RPTs

4.1 Exempt RPTs are RPT transactions of a non-material nature that only require reporting to, and ratification by, the Committee provided that such transactions meet the criteria otherwise set out in this Policy.

The following types of transactions are considered Exempt RPTs:

- a) Transactions in the ordinary course of business (whether individually or recurring transactions) that do not exceed ten (10%) of the company's total assets based on its latest audited financial statement per contract or transaction;
- b) Any payment of the company to its employees and management;
- c) Transactions in which the Related Party's interest is derived solely from the fact that he or she serves as a Director of another company or business unit that is a party to the transaction including APMCAI and its Affiliates;
- d) Transactions between the Company and other APMC hospitals in connection with:

the funding of operations of the Company's business units and projects, or other transactions with the objective of providing shared services and facilities (including IT, back office support, business service centers, finance, accounting and related reconciliation services or similar) or other commercial services designed to maximize operational efficiency, provided that any such arrangement does not exceed (either individually or in the aggregate) PHP 50m in any 12 month calendar period; and

RELATED PARTY TRANSACTION POLICY

e) Transactions between the Company and a joint venture company where both the Company and its joint venture partner have approved the transaction.

4.2 It is acknowledged that by virtue of the Company's business, ordinary course operations (see paragraph 5.1 (a)) includes the purchase of electricity, pharmaceuticals and equipment and those purchased from the ACEMC group.

4.3 Each Exempt RPT must be duly recorded by the Chief Financial Officer and may then be implemented provided that such transactions are subsequently reported to the Board on a regular basis.

This recording and reporting process does not apply to transactions under paragraph 4.1 (b) which shall be handled according to the rules established by the Corporate Governance Committee of the Board.

Material RPT

For the purposes of this Policy, a Material RPT is a transaction among Related Parties and the Company (or its Subsidiaries):

- a) with a total contractual value of more than ten (10%) of the company's total assets based on its latest audited financial statement, regardless of how the payment terms of the contract are structured (one-off, recurring, phased); or
- b) in which a Director or a member of the Management Committee is personally involved
- c) either individually or in aggregate over a twelve (12)-month period with the same related party; or
- d) is otherwise not an Exempt RPT.

All Material RPTs, supported by a formal submission paper, must be submitted to the Committee for consideration and approval prior to the transaction. The submission for consideration and approval may be done through an actual meeting of the Committee or through a memo circulated to the members thereof. The Committee is entitled to reasonably request any further supporting documentation in order to determine whether the Material RPT under review is in the best interests of the Company (and otherwise complies with the relevant sections of this Policy).

When a Material RPT is submitted to the Committee for review and approval, the presence of at least two (2) independent directors is necessary to constitute a quorum of the Committee. In the case that a member of the Committee is affected by the RPT to be considered, this member shall not participate in the decision-making process



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on the respective topic and he/she shall be replaced in such process by another member of the Board in order to achieve a quorum.

The Committee must notify all Directors of any RPTs approved and the basis for such approval.

Abusive material RPTs refer to the material RPTs that are not entered at arm's length and unduly favour a related party.

Prohibited RPTs

Notwithstanding any provision of this Policy to the contrary, the following RPTs are prohibited and must not be entered into by the Company or its Subsidiaries:

- a) loans and/or financial assistance to any Director; or
- b) loans and/or financial assistance to any employee (including the Management Committee), except when allowed pursuant to an established Company policy and under the supervision and according to the rules set by the Corporate Governance Committee of the Board.

Section VII. Guidelines in ensuring arm's length terms

- The company ensures that no preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances.
- Before the execution of the material related party transaction, the board of directors shall appoint an external independent party to evaluate the fairness of the terms of the material RPTs.

An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.

- Effective price discovery mechanism may also be employed to ensure that transactions are engaged into at terms that promote the best interest of the company and its shareholders. The price discovery mechanism may include, but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.



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Section VIII. Approval of material RPTs

- All individual material RPT's shall be approved by least two-thirds (2/3) vote of the board of directors, with at least a majority of the independent directors voting to approve the material RPT.
- In case that a majority of the independent directors' vote is not secured the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital.
- For aggregate RPT transactions within a twelve (12) month period that breaches the materiality threshold of ten percent (10%) of the company's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.
- Director/s with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

Section IX. Disclosure Requirements for RPTs and Conflict of Interest

The Company and Related Parties to whom this policy applies must comply with all disclosure requirements of RPTs mandated under applicable law, rules and regulations in the Philippines and Philippine Financial Reporting & Accounting Standards.

All proposed Material Related Party Transactions will be disclosed to the Audit Committee and all transactions will be reviewed by the Committee to ensure that a conflict of interest does not exist or that an improper assessment of such transaction is not made and that all information necessary is properly documented.

The members of the board, substantial shareholders, and officers is responsible for providing written notice to the Chief Financial Officer (CFO) of any potential RPT involving him or her or his or her Immediate Family Member, including any additional information about the transaction that may reasonably be requested by the Company as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company.

Such facts shall also be disclosed to the Board during the meeting where the material RPT will be presented for approval and before the completion or execution of the material RPT.

The Office of the CFO, by itself, or in consultation with the Compliance Office, as appropriate, will determine whether the notified transaction does, in fact, constitute a RPT requiring compliance with this Policy. If there is still any doubt, the matter should be referred to the Committee.



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In addition, each Director, each member of the Management Committee and each employee is required to complete annually a questionnaire relating to any RPTs (and those of their Immediate Family Members) and notify the Committee (in the case of Directors and members of the Management Committee) or the General Counsel (in the case of an employee) of any Conflict of Interest.

The Audit Committee will be provided with the details of each new, existing or proposed Material Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party. In recommending approval of a Material Related Party Transaction to the Board, the Audit Committee will consider the following factors to the extent relevant to the Material Related Party Transaction:

- whether the terms of the Material Related Party Transaction are fair, on “arm’s length” terms, and in the best interest of the Corporation and its shareholders, as a whole;
- whether there are business reasons for the Company to enter into the Material Related Party Transaction;
- whether the Material Related Party Transaction would impair the independence of an outside director; and
- whether the Material Related Party Transaction would present an improper conflict of interests for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

Any member of the Audit Committee who has an interest in the transaction under discussion will abstain from voting, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Material Related Party Transaction. Upon completion of its review of the transaction, the Audit Committee may determine to permit or to prohibit the Material Related Party Transaction.

A Material Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy, provided that, the Board shall ratify the transaction.



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Section X. Whistleblowing Policy

It shall be the duty of all stakeholders to communicate confidentially legitimate concerns of a suspected or actual, illegal, unethical and or questionable Material Related Party Transactions.

A. Protection against Retaliatory Acts

The whistleblower or any one believed, suspected or intends to be one the (“Whistleblower”) shall be protected from retaliatory action or reprisal. Retaliatory action or reprisal refers to negative or obstructive responses or reactions to a disclosure of a suspected or actual illegal, unethical and or questionable Material Related Party Transactions. This includes but is not limited to (1) administrative or criminal proceedings commenced or pursued, reprisals or threats against the Whistleblower or those who support the Whistleblower whether they are employees of the Company, shareholders or the Whistleblower’s relatives; (2) forcing or attempting to make the Whistleblower or his supporters in the Company, to resign, retire or transfer; (3) discriminatory actions behind policies and procedures, reprimand, punitive transfers, undue poor performance reviews, withdrawal of essential resources, undue reports and/or the attachment of unfair personnel file notes: workplace ostracism, questions and attacks on motives, accusations of disloyalty and dysfunction, public humiliation, and the denial of work or promotion, (4) any other act, whether attempted or otherwise that may obstruct, mislead, frustrate any investigation.

The aggrieved Whistleblower shall be entitled to the provisional remedy of injunction against any retaliatory action in the workplace, prejudicial conduct or discriminatory treatment by reason of the said Whistleblower’s intended or actual disclosure.

B. Bribery

Any act of giving the Whistleblower money or something else of value or any form of enticement, inducement to dissuade the Whistleblower from disclosing, testifying or fully cooperating with the investigation, shall constitute bribery.

Bribery shall be a prohibited act. The whistleblower shall be encouraged and given full support by the Company in cases the Whistleblower takes legal action against one who commits bribery.

The company reserves its rights to pursue any legal action against anyone who commits acts of bribery.



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C. Process of Reporting and Investigating

1. Reporting

Any stakeholder has the obligation to report any information, act, or omission that in his judgment violates, violated, or will violate this policy on material related party transaction. Reporting shall be in the following manner:

- a. For acts involving Directors of the Company, he shall report to any independent director;
- b. For acts involving officers of the Company with the rank Vice President or higher, he shall report to the Chairman
- c. For all acts involving employees below Vice President level, he shall report to the Compliance Officer of the Company.

The responsible persons to whom the report was made have the duty to act on the report immediately by creating an investigating team. The investigating team shall be guided by the following guidelines in conducting the investigation.

1. It shall procure an Affidavit from the Whistleblower who must voluntarily supply the information, facts and attendant circumstances surrounding the reported act or omission. He shall be accorded ample opportunity to accomplish Sworn Statement.
2. The identity of the Whistleblower and information disclosed by him shall be confidential. Evidence adduced shall be secured by the Company.

D. Evaluation of Disclosure

1. The Whistleblower should have personal knowledge of facts and information covered by the disclosure;
2. The information given by the Whistleblower contains sufficient particulars including evidence that may be in his possession that is relevant to the matter under investigation.
3. The investigating team shall assess the truthfulness of the reports in terms of evaluation of the relevance of the evidence submitted, its truthfulness and veracity and accuracy, whether the disclosure varies or contradicts in material respects the details contained in official information and authentic documents determined to be truthful;
4. Call on other personnel or experts in aid of the investigation;



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5. Determine the existence of prima facie case before conducting a full blown investigation;
6. Submit a written report with recommendation to the Board if the subject of disclosure involves a director, to the Chairman, if an officer with the rank of Vice President or higher is involved, to the Compliance Officer for employees below the rank of Vice President is involved.

XI. Noncompliance and sanctions

Non-compliance with any provision of this Policy, in particular, the reporting, approval and disclosure requirements, may result in the invalidation of an RPT contract.

Any officer or employee of the Company who has knowledge of any violation of this Policy must report this to the General Counsel/Corporate Secretary who must in turn report all violations of this Policy to the Committee.

The Committee has the authority to recommend to the Board the invalidation of any contract in violation of this Policy.

This Policy shall be without prejudice to the provisions of the Code, the Manual and all related and relevant policies of the Company as well as applicable law and regulations in the Philippines which shall be observed and shall apply to the fullest extent possible.

The Board shall implement policies and measures that would cut losses and allow recovery of losses or opportunity costs incurred by the company arising out of or in connection with abusive material RPTs.

Directors, Officers or personnel who have been remiss in their duties in handling material RPTs in accordance with company policies will result in disciplinary action, after conduct of proper investigation. In all cases and at all times, OV shall observe due process and procedures.

(N.B. Pursuant to Sections 26 & 27 of the Revised Corporation Code, an interested director or officer of a corporation shall be disqualified from being a director, trustee or officer of any corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested director or officer for abusive material RPTs. The disqualification shall be for a period of at least one (1) year or more, as may be determined by the SEC.)



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XII. Review of the Policy

This Policy must be reviewed by the Board from time to time in order to reflect the requirements of applicable law, rules and regulations in the Philippines.

- The internal audit shall conduct a periodic review of the effectiveness of the company's system and internal controls governing material RPTs to assess consistency with the board – approved policies and procedures.
- The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

The company's Compliance Officer shall ensure that the company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He/She shall aid in review of the company's transactions and identify any potential material RPT that would require review by the Board. He/she shall ensure that the company's material RPT policy is kept updated and is properly implemented throughout the company.

XIII. Effectivity

This Policy takes effect upon a resolution of the Board.



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COMPENSATION AND RENUMERATION COMMITTEE CHARTER

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I. PURPOSE

The Remuneration and Compensation Committee is in charge of assisting the Board of Directors in establishing a formal and transparent procedure for determining the remuneration of directors and officers.

II. MEMBERSHIP

1. The Remuneration and Compensation shall be composed of at least three (3) members of the Board of Directors, at least one of whom shall be an independent director.
2. The Board of Directors shall have the power to remove and replace the members, of and fill vacancies in the Remuneration and Compensation Committee.
3. The Board of Directors may appoint one or more persons to serve as advisor(s) to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action by the Committee.

III. DUTIES AND RESPONSIBILITIES

The Compensation and Remuneration Committee shall be in charge of studying and recommending an appropriate rewards system.

It shall also:

- a. review and recommend to the Board the Corporation's compensation system, policies and guidelines and oversee the development and implementation of compensation and incentives program; and
- b. regularly review the existing salary structure of the President and Senior Management; and perform other tasks or duties as may be requested or delegated by the Board.



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IV. MEETING AND ACCESS/ PROCEDURES

1. The Committee shall hold meetings at such times and places as it considers appropriate provided that not less than two (2) meetings shall be held each year.
2. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate and the Chairman shall convene a meeting upon the request of a majority in number of the voting Members of the Committee.
3. A Committee meeting shall be convened by not less than one (1) weeks' notice in writing, specifying the place, date and time for the meeting and the general nature of the businesses to be transacted at the meeting. The Secretariat of the Committee shall ensure that pertinent materials for the meeting are properly and timely distributed to all Members.
4. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members of the Committee present in the meeting at which there is a quorum.
5. Notice of a meeting of the Committee shall be deemed to be duly given to a Member if it is given to him personally, in writing or orally, or sent to him by mail, e-mail or facsimile transmission to his address, e-mail address or facsimile number, as appropriate, given by him to the Secretariat of the Committee.
6. A majority of all the Members of the Committee shall constitute a quorum.
7. Members of the Committee may participate in a meeting of the Committee through teleconference or video conference conducted in accordance with the relevant issuances of the Securities and Exchange Commission (SEC).

V. QUORUM AND VOTING

1. Majority of the members of the Committee shall constitute a quorum and every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations.



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2. Each Member, including the Chairman of the Committee, shall have one (1) vote
3. Whenever a Committee Member has a conflict of interest in a matter to be considered by the Committee which the Committee considers to be material, such interested Member shall abstain from voting on any Committee resolution in which they or any of their associates have a material interest. The Committee shall decide on the matter without taking into consideration the position of the Member who has a material conflict of interest. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

X. RENUMERATION OF MEMBERS

No fees or other remuneration shall be payable to the Members of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, except the per diem or remuneration authorized and approved by the Board or any fees or remuneration to such Member/Advisor that would otherwise be entitled to in his capacity as consultant, advisor or employee of the Corporation.

XI. RESOURCES AND AUTHORITIES

1. The Committee shall have the resources and authorities appropriate to discharge its functions, duties and responsibilities including the authority to obtain advice from external consultants and functional specialists within the Corporation.
2. The Committee shall report directly to the Board on its decision or recommendation, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements.)
3. The Committee shall have the right to require Management of the Company to furnish all information requested by the Committee as may be required for the purposes of performing its duties.

XII. COMMITTEE REPORTS AND PERFORMANCE EVALUATION

1. The Committee shall report its activities to the Board on a regular basis and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.
2. The Committee shall prepare and review with the Board of Directors an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set forth the goals and objectives of the Committee for the



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ensuing year and include any recommendation to the Board of Directors on any improvement to the Charter deemed necessary or desirable by the Committee.

XII. CHARTER REVIEW

The Board shall review and assess the adequacy of this charter annually or as the need arises.



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POLICY ON BOARD DIVERSITY

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POLICY STATEMENT

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC. recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth.

COVERAGE

This Policy applies to the APMCAI Board of Directors only. It does not apply to diversity in relation to its officers and employees of Company, which are covered by the internal guidelines of the Human Resources Department.

GENERAL PRINCIPLES

1. APMCAI embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining sound corporate governance, realize sustainable and balanced development and achieve strategic objectives.
2. Board diversity will be considered from varied aspects when designing the Board's composition including but not limited to gender, age, cultural and educational background, geographical location, professional experience, skills, knowledge, and length of service of directors, and other regulatory requirements, etc. The Board will likewise strive to ensure that there is independence and appropriate representation of women in the Board.
3. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit against objective criteria, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective, having due regard for the benefits of diversity on the Board

FRAMEWORK

The Nominations and Election Committee ("the Committee") shall review and assess the structure, size and composition of the Board, examine the selection standards, nomination and recruitment process of directors, and review at least once a year the independence of the members of the Board of Directors

MONITORING AND REPORTING

The Nominations and Election Committee will report annually on the process it has used in relation to Board appointments. Such report will include a summary of this Policy.



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POLICY REVIEW

The Nominations and Election Committee shall review the Policy annually and assess its effectiveness.

The Committee shall discuss and recommend amendments to the Board as it deems necessary.

EFFECTIVITY

This Policy shall take effect upon approval by the Board of Directors and shall continue to be in full force unless superseded by new policies and guidelines.



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ENTERPRISE RISK MANAGEMENT POLICY

ANNEX B

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Enterprise Risk Management (ERM) is a process, affected by APMCAI's Board of Directors, Management, and other personnel. This process is applied in strategy setting and across the Company, designed to identify potential events that may affect the company, and manage risks to be within its appetite.

ERM provides reasonable assurance regarding the realization of the Company's goals. APMCAI can identify, assess, respond and monitor the outcomes of the industry's leading risk factors with an Enterprise Risk Management system in place.

Risk Management is a business routine in the hospital industry. The following are the identified risks:

OPERATIONAL RISKS

The business of healthcare is the delivery of care that is safe, timely, effective, efficient, and patient-centered within diverse populations. Operational risks relate to those risks resulting from inadequate or failed internal processes, people, or systems that affect business operations. Included are risks related to: adverse event management, credentialing and staffing, documentation, chain of command, and deviation from practice.

CLINICAL PATIENT SAFETY

Risks associated with the delivery of care to residents, patients and other healthcare customers. Clinical risks include: failure to follow evidence-based practice, medication errors, hospital acquired conditions (HAC), serious safety events (SSE), and others.

STRATEGIC RISKS

Risks associated with the focus and direction of the organization. Because the rapid pace of change can create unpredictability, risks included within the strategic domain are associated with brand, reputation, competition, failure to adapt to changing times, health reform or customer priorities. Managed care relationships/partnerships, conflict of interest, marketing and sales, media relations, mergers, acquisitions, divestitures, joint ventures, affiliations and other business arrangements, contract administration, and advertising are other areas generally considered as potential strategic risks.

FINANCIAL RISK

Decisions that affect the financial sustainability of the organization, access to capital or external financial ratings through business relationships or the timing and recognition of revenue and expenses make up this domain. Risks might include: costs associated with malpractice, litigation, and insurance, capital structure, credit and interest rate fluctuations, foreign exchange, growth in programs and facilities, capital equipment, corporate compliance (fraud and abuse), accounts receivable, days of cash on hand, capitation contracts, billing and collection.



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HUMAN CAPITAL

This domain refers to the organization's workforce. This is an important issue in today's tight labor and economic markets especially with the current brain-drain of health workers. Also included are risks associated with employee selection, retention, turnover, staffing, absenteeism, on-the-job work-related injuries (workers' compensation), work schedules and fatigue, productivity and compensation. Human capital associated risks may cover recruitment, retention, and termination of members of the medical and allied health staff.

LEGAL/REGULATORY

Risk within this domain incorporates the failure to identify, manage and monitor legal, regulatory, and statutory mandates. Such risks are generally associated with fraud and abuse, licensure, accreditation, product liability, management liability, as well as issues related to intellectual property.

TECHNOLOGY

This domain covers machines, hardware, equipment, devices and tools, but can also include techniques, systems and methods of organization. Healthcare has seen an explosion in the use of technology for clinical diagnosis and treatment, training and education, information storage and retrieval, and asset preservation. Examples also include Hospital Information System, social networking and cyber liability.

HAZARD

This ERM domain covers assets and their value. Traditionally, insurable hazard risk has related to natural exposure and business interruption. Specific risks can also include risk related to: facility management, plant age, parking (lighting, location, and security), valuables, construction/renovation, earthquakes, storms, tornadoes, foods, res.

RISK MANAGEMENT PLAN

Purpose

The purpose of the risk management program is to protect patients, staff members and visitors from inadvertent injury. The program is also designed to protect the organization's financial assets and intangibles, such as reputation and standing in the community.

The risk management plan is a primary tool for implementing the organization's overall risk management program. It is designed to provide guidance and structure for the organization's clinical and business services that drive quality patient care while fostering a safe environment.

The focus of the risk management plan is to provide an ongoing, comprehensive, and systematic approach to reducing risk exposures. Risk management activities include identifying, investigating, analyzing, and evaluating risks, followed by selecting and implementing the most appropriate methods for correcting,



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reducing, managing, transferring and/or eliminating them.

Authority and Role of the Risk Manager

The risk manager is empowered by the governing body to implement the functions and activities of the risk management program with the assistance of the patient care and administrative staffs. The Board of Directors has overall responsibility for the effectiveness of the program and providing the necessary resources. The Board of Director's responsibilities are supported through regular written and verbal communications regarding risk management activities that may affect the organization's finances.

The role of the risk manager is to maintain a proactive risk management program in compliance with existing laws, rules, applicable scope of practice and regulations. The risk manager is responsible for creating, recommending to the Board, implementing, and evaluating the outcome of the risk management plan. These activities should be coordinated with quality/performance improvement, infection control, organizational/patient safety and environment of care management. The specific description of the risk manager's role may be addressed in a separate job description approved by the governing body.

The risk management program is formally addressed through designated committees, such as the risk management committee, safety committee, and quality/performance improvement committee.

Scope

Under the direction of the risk manager, the risk management program provides for collaboration among all departments, services, and patient care professionals within the organization. The risk management program provides policies, procedures and protocols to address events which may create business-related liability, professional liability, general liability, workers' compensation, and motor vehicle liability exposures. The identification, investigation and management of accidents, injuries and other potentially compensable events are a primary responsibility under the risk management plan. This process is directed by the risk manager and others who are delegated to participate in the various components of managing adverse events occurring with patients, staff, visitors and organizational assets.

Risk management will influence, persuade and educate leaders within the following departments in order to achieve quality care in a safe environment and protect the organization's resources:

- Administration
- Allied Health and Adjunct Professional Services
- Billing Services
- Business Development and Marketing
- Clinical and Ancillary Services
- Data/Health Information and Privacy Management
- Employee Health
- Human Resources
- Infection Control
- Legal Services



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- Medical Equipment
- Medical Staff
- Medical Staff Credentialing
- Patient Relations
- Quality/Performance Improvement
- Safety Management/Environment of Care
- Security Management
- Utilization Management

Objectives of the Risk Management Program

The objectives of the risk management program include, but are not limited to:

- promoting the quality of patient care, in collaboration with quality/performance improvement activities
- enhancing patient satisfaction
- minimizing the frequency and severity of adverse events
- supporting a non-punitive culture that promotes awareness and empowers staff to identify risk-related issues
- enhancing patient safety through accreditation with JCI, organizational safety strategies and other patient safety initiatives
- enhancing environmental safety for patients, visitors and staff through participation in environment of care-related activities
- utilizing risk management strategies to identify and minimize the frequency and severity of near misses, incidents and claims
- managing adverse events and injuries to minimize financial loss
- evaluating systems that can contribute to patient care, error or injury
- educating stakeholders on emerging and known risk exposures and risk reduction initiatives
- achieving requirements promulgated by accrediting organizations
- complying with state-specific scope of practice, applicable laws, regulations and standards

Specific Components

The risk management program will include the following components:

Event/Incident/Occurrence reporting

Event reporting is intended to provide a systematic, organization-wide program of reporting risk exposures to identify potential future liability. The risk management program includes an event reporting system that is used to identify, report, track, and trend patterns of events with the potential for causing adverse patient outcomes or other injuries to people, property or other assets of the organization. It is designed to reduce or ameliorate preventable injuries and property damage, and minimize the financial severity of claims.

The risk manager tracks and trends event data in order to report those findings to the quality/performance improvement department and the department(s) involved in the events for follow-up action.



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Certain specific events must be reported to governmental agencies (Sentinel Events) through delineated methods. This is often a responsibility of the risk manager and compliance within established guidelines and time frames is critical.

Reporting risk management activities as part of the quality/performance improvement process

Recognizing that the effectiveness of risk management activities is contingent upon collaboration and integration with the quality/performance improvement activities, the risk manager will work with quality/performance improvement staff to coordinate activities between the two disciplines. This will enhance the identification and resolution of risk and quality issues.

Educational activities

The risk manager will provide or facilitate orientation programs for all new employees and contracted staff. A separate annual educational program will be provided to focus awareness of risk exposures and current risk prevention activities. Other in-service and training programs should be provided as identified through the ongoing monitoring, tracking and trending of events and/or as requested by a staff member within the organization.

Management of patient and family complaints/grievances

The organization will have a formal written process for managing patient and family complaints/grievances. This process should detail response to and resolution of patient and family complaints. It should include time frames for responding, the chain-of-command used for problem-resolution, and documentation of the activities involved.

Patient satisfaction

The Patient Service will measure patient satisfaction and respond to issues identified in patient satisfaction surveys. The risk manager will monitor complaints and report findings related to quality/performance improvement. Of equal importance is risk management's direct participation in resolution of complaints, as appropriate.

Reports to the Board of Directors

The Risk Manager will provide periodic reports to the Board of Directors at least annually. The report will summarize activities, achievements, and on-going risk management issues that occurred since the prior report.

Additional or ad hoc communication shall be held with the Board of Directors for Sentinel Events, significant changes in claim reserves, claims scheduled for trial, events that may result in adverse publicity or news media attention, and severe patient injuries deemed highly likely to result in litigation.



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The final annual risk management report should include all the above along with recommendations for risk control activities and identified resource needs for the coming fiscal year.

Protection of Risk Management Information Included in the Quality/Performance Improvement Program

Risk management data and information collected shall be maintained as a component of the organization's quality/performance improvement program and reported to the quality/performance improvement committee and/or designated subcommittees. This structure may result in findings being considered privileged and confidential and may be distributed outside the quality/performance improvement process only at the direction and with the written consent of legal counsel.

Review of the Risk Management Plan

The risk management plan will be reviewed, updated, and approved by the Board of Directors annually, or as needed upon recommendation by the Risk Manager.

Annual Evaluation of the Risk Management Program

The risk management program will be evaluated by the Board of Directors annually. Recommendations for enhancements are incorporated into the program prior to final approval. Financial compliance management, audit management, corporate policy and procedure management, risk management, and continuous enterprise controls monitoring.

Real-Time Monitoring and Predictive Maintenance to Prevent Incident Failure or Non- Productive Time

The upstream industry has adopted many of the same techniques to improve capital asset management. The company use a variety of techniques to reduce maintenance costs, increase uptime, and increase availability. These techniques include:

- **Condition-based monitoring.** Placement of sensors to measure various conditions (temperature, vibration, etc.) to detect situations that may indicate potential equipment failure. The more sophisticated systems have alerting capabilities and are integrated with enterprise asset management applications that can automatically generate inspection or work orders.
- **Predictive maintenance.** Predictive maintenance goes beyond condition-based maintenance in applying advanced analytics to predict potential equipment failures, providing enough notice to procure complex non-commodity replacement equipment. The algorithms identify a departure from normal operating levels of a piece of equipment rather than comparing performance with expected performance levels for the equipment class.



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- **Criticality-based maintenance.** This technique informs decisions on maintenance strategy by identifying which assets are critical to the process and what the process impacts would be if the asset were to fail. Criticality-based maintenance also informs procurement strategy so that inventories, and the costs associated with keeping them, are reduced but not at the expense of increased downtime.
- **Performance center or center of excellence.** The Company intends to adopt centers of excellence where engineering staff are able to bring together engineering knowledge for root cause analysis when potential problems are identified. Centers of excellence can also have a view of multiple assets to support decision making and maintenance planning and even suggest future equipment design modifications.

Collaborative Planning, Operations and Decision Making

To reduce non-productive time, enhance production, and reduce both economic and EHS risks, the Company is creating a stronger and more comprehensive connection between field operations staff and remote experts. This connection involves:

- **Collaboration.** The ability for multiple parties to visualize and analyze the same set of data and information from disparate locations.
- **Workflow.** Rationalizing data to make it automatically available to personnel and applications according to role-based need.
- **Access to real-time data.** Surface and subsurface to improve production, often involving sensors. This is often accomplished through collaboration rooms accessible from multiple locations, both on-rig and off-rig. Visualization can be 3D or 4D and, depending on the data, is most effective with a geospatial overlay.

Cyber Security Policy Design and Execution

One of the most basic elements to guarantee information security is to have an enterprise information security architecture applied to all the data, systems, processes, and people. It is imperative to be able to track from the business strategy to individual security technologies.

Information technology can help mitigate operational risks. Organizations that understand their risk profile and take concrete action to mitigate risks will be better positioned to be successful in the marketplace. It is therefore recommended that the following should be practiced:

- **Consider developing a corporate wide approach to managing information in the plant.** Best practices cover use of technology to support operations, business analytics, application integration, EHS compliance, and enterprise content management.



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- Work to develop business processes for operations and identify document control workflow for approvals within the organization, including the transmittal and standard operating procedure (SOP) processes. Determine how often you wish to share documents with vendors, partners, regulators, and others. Work together to develop a coding standard for components/documents to ensure that there is consistent master data management.
- Participate in industry associations and user communities to help arrive at standards for sharing of content and supporting well and plant workflows.
- Look to areas of high vulnerability in your operation such as current processes that still rely on paper files that can potentially be difficult to find and update and may be misfiled or lost and ultimately expose your company to regulatory or internal audit failures.
- Focus on process improvements that will allow more effective creation and sharing of content both inside and outside the firewall. A good area to start would be the transmittal and SOP processes.
- In this time of increased regulatory pressure, look at solutions that optimize the way you manage, share, store, and archive content to comply with environmental, health, and safety regulations.
- Look at deploying information rights management tightly integrated with content management to ensure that only authorized recipients can view, copy, print, or edit confidential information.
- Reassess your customer communications capabilities to ensure timely and personalized correspondence tailored to the delivery requirements of the recipient, including customers and regulatory agencies.
- Take a more holistic approach of your asset information to ensure that drawings, records and other documentation are properly identified, stored, classified, accessible, accurate, and appropriately safeguarded.
- Familiarize yourself with emerging asset management standards such as PAS 55 and ensure that future asset management solutions that are deployed in your company operations adhere to such standards.
- Evaluate solution vendors that have the flexibility to support mobile access of project and plant information, which enables and optimizes access of information wherever it is accessed.
- Consider solutions that provide options to deploy cloud-based solutions and can support projects that require cloud deployments.



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I. OPERATION OF THE BOARD

A. RESPONSIBILITIES of the BODY

In addition to the Roles and Responsibilities prescribed by the Revised Corporation Code, the following shall be the responsibilities of the Board:

1.1 General Responsibility of the Board for Good Governance

- a) Compliance with the principles of good governance shall start with the Board of Directors. It shall be 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 and other stakeholders.

To ensure good governance of the Corporation, the Board shall formulate and continuously review the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. The Board shall review the vision and mission statement of the Corporation every year, and shall oversee the implementation of the corporate strategy.

- b) To the extent set forth above, the Board of Directors shall orient all its activities towards three general guidelines:
- b.1) All actions taken by the Board are subject to the principle of legal permissibility. They must therefore not infringe on the appropriate provisions of Philippine law and the Corporation's constitutive documents.
- b.2) All actions taken by the Board are subject to the principle of economic usefulness. They should accordingly contribute to increasing the value of the Company in a sustainable manner.
- b.3) The Board should, when carrying out its duties, be aware of its duty as the governing body of the Company.
- c) The Board shall ensure the presence and adequacy of internal control mechanisms for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
- c.1) Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;



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- c.2) Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
- c.3) Appointing a CEO with the appropriate ability, integrity, and experience to fill the role; and defining the duties and responsibilities of the CEO;
- c.4) Reviewing proposed senior management appointments;

Ensuring the selection, appointment and retention of qualified and compete human resources policies, compensation plan and the management succession plan;
- c.5) Institutionalizing the internal audit function;
- c.6) Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

1.2 Specific Responsibilities of each Director

In addition to the duties and responsibilities of a Director set forth in the Corporation's By-Laws and existing relevant statutes, a Director shall:

- a) Be one of trust and confidence. He should act in the best interest of the Corporation, the stockholders and other stakeholders in a manner characterized by transparency, accountability and fairness. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress over the long term.
- b) Conduct fair business transactions with the corporation and ensure that personal interest does not bias Board decisions. A Director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality.

He should observe the conflict of interest policy stated in this Manual and Code of Conduct and Ethics.
- c) Devote time and attention necessary to properly discharge his duties and responsibilities. A Director should attend and actively participate in Board meetings.
- d) Act judiciously. Before deciding on any matter brought before the Board of Directors, every Director should evaluate the issues, ask questions and seek clarifications as appropriate.



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- e) Exercise independent judgment. A Director should view each problem/situation objectively and support plans and ideas which he believes are beneficial to the Corporation.
- f) Have a working knowledge of the statutory and regulatory requirements affecting the corporation. This includes a firm knowledge of the contents of the articles of incorporation and by-laws of the Corporation and the amendments thereof, the requirements of the SEC for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies.
- g) Observe confidentiality. A Director shall observe the confidentiality of non-public information acquired by reason of his position as a director. He should not disclose any information to any other person without the authority of the Board.
- h) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Each Director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.
- i) Orientation and Continuing Education Programs for Directors. Prior to assuming office, all new Directors shall undergo orientation program on the Corporation's business and corporate structure, its vision, mission and corporate strategy, the By-laws and Manual of Corporate Governance, and other relevant matters essential for the effective performance of their duties and responsibilities.

Directors shall likewise attend a seminar on corporate governance which shall be conducted by training providers that are duly accredited by the SEC. If necessary, funds shall be allocated by the Corporation for this purpose.

B. RESPONSIBILITIES OF OFFICERS

1. Chairman

The following are the responsibilities of the Chairman:

- a. Presides at the meetings of the directors and stockholders;
- b. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- c. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;



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- d. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- e. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- f. Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors; and
- g. Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

2. Vice-Chairman of the Board

- a. Take the function of the Chairman in his absence or incapacity to perform his duty. He can also be assigned other responsibilities by the Board.

3. President - The President, who shall be a director, shall be the Chief Executive of the corporation and shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- a. To preside at the meetings of the Board of Directors and of the Stockholders in the absence of the Chairman of the Board of Directors;
- b. To initiate and develop corporate objectives and policies and formulate long and short-range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation.
- c. To have general supervision and management of the business affairs and property of the corporation;
- d. To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;
- e. Subject to guidelines prescribed by law and after approval by the majority of the Board of Directors, to appoint, remove, suspend or discipline officers and employees of the corporation, prescribed their duties, and determine their salaries;
- f. To oversee the preparation of the budgets and the statement of account of the corporation;
- g. To prepare such statement and reports of the corporation as may be required of him by law;



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- h. To represent the corporation at all functions and proceeding;
- i. To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors except as otherwise directed by the Board of Directors;
- j. To make reports to the Board of Directors and stockholders;
- k. To sign certificates of stock;
- l. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- m. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- n. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- o. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- p. Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors;
- q. Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary and
- r. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

As CEO under the Manual on Corporate Governance:

- a. Implements the corporation's strategic plan on the direction of the business;
- b. Communicates and implements the corporation's vision, mission, values and overall strategy as formulated by the board and promotes any organization or stakeholder change in accordance with the same;
- c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;



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- d. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
- e. Directs, evaluates and guides the work of the key officers of the corporation;
- f. Manages the corporation's resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of the corporation; and
- i. Serves as the link between internal operations and external stakeholders.

4. **Vice-President** - In the absence of the President, the Vice-President shall act in his place and perform his duties. The President may at his request or in his disability, delegate any or all his power, duties and function to the Vice-President. The Vice- President shall also perform such other duties as to time to time be assigned to him by the president.

5. **Secretary** - the Secretary must be a resident and a citizen of the Philippines. He shall be the custodian of and shall maintain the corporate books and records and shall be the recorder of the corporation's formal actions and transactions. He shall have the following specific powers and duties:

- a) To record or see to the proper recording of the minutes and transaction of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;
- b) To keep or cause to be kept record books showing details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;
- c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature;
- d) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;
- e) To certify such corporate acts, countersign corporate documents, certificate, and make reports or statement as may be required of him by law or by government rules and regulation;



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- f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of quorum, the validity and effect of proxies, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and function to any other persons or person, subject always to his supervision and control;
- g) Assists the Board and the Board committees in the conduct of their meetings (i.e., agenda setting, preparation of annual schedule of meetings and board calendar);
- h) Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders, as well as other official record of the corporation.
- i) Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
- j) Works fairly and objectively with the Board, Management and shareholders and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders/members as well as other stakeholders;
- k) Advises on the establishment of board committees and their terms of reference;
- l) Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- m) Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- n) Performs all required administrative functions;
- o) Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- p) Performs such other duties and responsibilities as may be provided by the Board and the Commission.



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6. **Assistant Secretary**- in the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duty. The Secretary may, subject always to his supervision and control, delegate any and all of his powers, duties and function to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may from time to time be assigned to him by the Board of Directors.

7. **Treasurer**- the Treasurer of the corporation shall be the custodian of its funds, securities and property. The Treasurer shall have the following duties;

- a) To keep full and accurate accounts of receipts and disbursements in the Books of the corporation;
- b) To have custody of, and be responsible for, all the funds, securities and Bonds of the corporation;
- c) To deposit in the name and to the credit of the corporation in such Bank as may be designated from time to time by the Board of Directors all the moneys, funds, securities, bonds, and similar valuables belonging to the corporation which may come under his control;
- d) To render an annual statement showing the financial condition of the Corporation and such other financial reports as the Board of Directors, The Chairman, or the President may from time to time;
- e) To prepare such financial reports, statement, certifications, and other Documents, which may, from time to time be required by government rules and regulations and to submit the same to the proper Government agencies;
- f) To exercise such powers and perform such duties and function as maybe assigned to him by the President.

8. **Assistant Treasurer** - in the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Treasure may, at his request or in his disability, delegate any or all of his powers, duties and function to the Assistant Treasurer. The Assistant Treasurer shall also perform such other duties as may time to time be assigned to him by the President.

LEAD Director

The Board should designate a lead director among the independent directors if the Chairperson of the Board is not independent, including if the positions of the Chairperson of the Board and Chief Executive Officer or its equivalent are held by one person.

The functions of the lead director include, among others, the following:



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- a. Serves as an intermediary between the Chairperson and the other directors when necessary;
- b. Convenes and chairs meetings of the NEDs; and
- c. Contributes to the performance evaluation of the Chairperson as required.

C. MEETINGS

1. Board Meetings

- a. **Regular Meetings** - Regular meeting of the Board of Directors shall be held once every month on such date, time and place as Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors and shall be at such places as may be designated in the notice.
- b. **Board Attendance** – Each director must attend at least 50% of all the board meetings held during the year.
- c. **Organizational Meetings** -The Board of Directors shall meet for the purpose of organization, election of officers and the transaction of other business, as soon as practicable after each annual election of directors or on the same day, and if practical at the same place at which regular meetings of the stockholders are held.
- d. **Notice of Meetings** – Notice of meetings may be sent to all directors or trustees through electronic mail, messaging service or such other manner as may be provided in the bylaws or by board resolution.

Notice of regular or special meetings stating the date, time and place of the meeting must be sent to every director or trustee at least five (5) days prior to the scheduled meeting, unless a longer time is provided in the bylaws. A director or trustee may waive this requirement, either expressly or impliedly.

The notice of meetings shall include the following information:

- i. The date, time and place of the meeting;
- ii. The agenda of the meeting;
- iii. All pertinent materials for discussion which shall be numbered and marked in such manner that the director or trustee can easily follow and participate in the meeting;
- iv. That a Director may participate via remote communication;
- v. Contact information of the Corporate Secretary or office staff whom the director may communicate;



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- vi. When the meeting is for the election of directors or officers, the requirements and procedure for nomination and election;
- vii. The fact that there will be a visual and/or audio recording of the meeting; and
- viii. Other instructions to facilitate participation in the meeting through remote communications.

e. Quorum - A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of the Corporate business, and every decision of at least a majority of the directors present at meeting which there is a quorum shall be valid as corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

f. Conduct of the Meetings – Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman, or in the absence of the latter, the President and Chief Executive Officer, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Corporate Secretary shall act as secretary of every meeting, and if he is unable to do so, the Chairman of the meeting shall appoint a secretary of the meeting.

2. COMMITTEE MEETINGS

a. Schedule

The Chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter.

b. Agenda

The Chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of each year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). An agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the committee members approximately one week prior to each committee meeting. Committee members should review these materials in advance of the meeting.

3. ANNUAL STOCKHOLDERS' MEETINGS

Directors are required to attend all annual stockholders' meetings.



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4. COMPENSATION AND LIABILITY INSURANCE COVERAGE OF DIRECTORS

- a) The Board of Directors shall have the sole authority, in accordance with the resolution of the stockholders or the By-laws, to determine the amount, form and structure of the fees and other compensation of the Directors.
- b) Only non-executive directors shall be entitled to receive from the Corporation fees and other compensation for their services as Directors. In no case shall the total yearly compensation of such Directors exceed ten percent (10%) of the net income before tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper subject to the approval of stockholder representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.
- c) The form and amount of Director compensation that may be given in the future will be determined by the Compensation and Remuneration Committee in accordance with the policies and principles set forth in its charter, and subject to approval by the stockholders representing at least a majority of the outstanding capital stock. Once implemented, the Compensation and Remuneration Committee will conduct an annual review of Director compensation. The Compensation Committee will consider that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated
- d) By resolution of the Board, each director shall receive a per diem allowance for his attendance at each meeting of the Board.
- e) No Director shall be involved in deciding his own remuneration during his incumbent term.
- f) To ensure effectiveness of holding Directors accountable and to attract competent persons as Directors, APMCAI may purchase at its own expense liability insurance coverage for its Directors.

5. INDUCTION, ORIENTATION and CONTINUING EDUCATION

The Management shall provide first-time Directors of the Company with the necessary knowledge of and familiarity with the Company's day-to-day operations.

The Corporate Governance Committee, through the Office of the Corporate Secretary with the help of HR and Admin Department will organize this orientation, in an eight (8) hours module program. Module will be based upon the topics listed below or as per the latest regulatory requirements of the Securities and Exchange Commission from time to time. Topics for discussion may include but are not limited to the following:



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- Overall view of the Company
- Details of the Organization Structure
- Business of the Company, its issues, its overall performance etc.
- Developments in Corporate Governance in the context of applicable guidelines;
- Insights into international best practices in the functioning of Boards and its Committees;
- Key duties and liabilities of a Director;
- Code of Conduct

The current members of the Board shall be provided with the necessary, relevant and appropriate training and/or development programs annually. The annual training of the members of the Board ensures that they are kept abreast of the developments in the business and regulatory landscapes of the industry. With these trainings, it is the Company's belief that the Board will enhance their effectiveness and competency in addressing the needs of the Company.

The Board shall also endeavor to have a legal review, at least once a year, of (i) status of major litigation, if any (ii) compliance with significant regulatory requirements affecting the Company and (iii) corporate governance matters.

6. CEO EVALUATION AND MANAGEMENT SUCCESSION

The Corporate Governance Committee will conduct an annual review of the Chief Executive Officer's performance, as set forth in its charter. The Board of Directors will review the Corporate Governance's report in order to ensure that the Chief Executive Officer is providing the best leadership for the Company in the long- and short-term.

The Board will evaluate potential successors and approve management succession strategies and plans for the Chief Executive Officer and other executive officers of the Company. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

7. ACCESS TO OFFICERS AND EMPLOYEES

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or the Secretary or directly by the Director. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a Director and an officer or employee of the Company.

8. INDEPENDENT ADVISORS

The Board and each committee have the power to engage experts or advisors, including independent legal counsel, deemed appropriate by the Board or the committee which must be provided appropriate funding.



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II. STRUCTURE OF THE BOARD

A. Size of the Board

The Board of Directors shall have fifteen (15) members which is the maximum number allowed in the Revised Corporation Code.

In line with the best practice in corporate governance it is the Corporation's goal to have at least three (3) Independent Non-executive Director to be included as a member of the Board. The Independent Director(s) shall be identified in the annual report.

B. ELECTION AND FILLING OF VACANCIES

The Directors shall be elected individually by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation. The procedure for election and filling of vacancies shall be prescribed by the Nominations and Elections Committee subject to the provisions of existing laws and other rules and regulations issued by the SEC.

- C. The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the operation of hospitals. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. The Board shall ensure that each of these directors can add value and independent judgment in the formulation of sound corporate strategies and policies.

D. QUALIFICATIONS

The Board may be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate/organization affairs and to substantiate proper checks and balances.

A director of the Corporation shall have the following qualifications:

- i. Ownership of at least fifty (50) blocks of shares of the capital stock of the Corporation standing in his name in the books of the Corporation at the time of his election;
- ii. A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;



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- i. Relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organizations;
- ii. Integrity, probity and diligence and assiduousness in the performance of his functions;

For Independent Directors, beneficial equity ownership in the Corporation or in its related companies, which must not exceed two percent (2%).

The term limit set for Independent Directors is under applicable laws, rules and regulations.

Disqualifications

The following persons are disqualified from being a director of the Corporation:

- a) Any person who has been finally convicted by a competent judicial or administrative body of the following : (I) any crime involving the purchase or sale of securities, e.g. proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (ii) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (iii) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the Commission or any court or other administrative body of competent jurisdiction from;
 - (i.) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer futures commission merchant, commodity trading advisor, or a floor broker;
 - (ii.) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the Commission or any court or other administrative body, refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or under any rule or regulation promulgated by the Commission



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or Bangko Sentral ng Pilipinas, or under any rule or regulation promulgated by the Commission or Bangko Sentral ng Pilipinas, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization;

- c) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions;
- d) Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any other law administered by the SEC, or any rule, regulation or order of the Commission or the Bangko Sentral ng Pilipinas;
- e) Any person judicially declared to be insolvent;
- f) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct listed in the foregoing paragraphs;
- g) Any person convicted by final and executor judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;
- h) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged;
 - h.1) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or
 - h.2) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or



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- a.1) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (h.1) or (h.2).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

- i. An Independent Director, after serving for nine years (including the two (2) – year cooling off period), shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the SEC.

Temporary Disqualification of Directors

The following are grounds for temporary disqualification of incumbent Directors:

- a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.
- b) Absence or non-participation in more than Seventy-Five Percent (75%) of all meetings, both regular and special, of the Board of Directors during any term, unless the absence or non-participation is due to illness, death in the immediate family or serious accident, in which case the Director(s) concerned shall not be eligible for re-election in the succeeding election.
- c) Dismissal/ termination from directorship in another listed corporation for cause, unless and until the Director concerned has cleared himself of any involvement in the alleged irregularity.
- d) Being under preventive suspension by the Corporation for any reason.
- e) Conviction that has not yet become final referred to in the grounds for disqualification of Directors.

Temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.



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Independent Directors

The Board shall have such number of Independent Directors as may be adopted by the Corporation.

Independent Directors shall, apart from their fees and shareholdings, be independent from Management and free from any business or other relationship which would, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation. For this purpose, an Independent Director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, Management or controlling shareholder at the time of his election or appointment and/or re-election as a Director.

An Independent Director, under Philippine law and the rules of the SEC is one who:

- a) is not a Director or officer or substantial stockholder of the Corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing). In this context, “related company” means another company which is:(a) its holding company, (b) its subsidiary, or(c) a subsidiary of its holding company, and “substantial shareholder” means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security;
- b) is not a relative of any Director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, “relative” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- c) is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;
- d) has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;
- e) is not retained as professional adviser of the Corporation, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- f) has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms’ length and are immaterial or insignificant.



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The types of transaction or affiliation under paragraph (f) above which disqualify one from becoming an Independent Director include:

- f.1) personal service contracts with the Corporation, or any of its related companies, or its senior management;
- f.2) being affiliated with a significant customer or supplier of the Corporation or any of its related companies. For this purpose, a person shall be deemed to be affiliated with a party if such person (a) has a direct or indirect ownership interest in, or (b) is employed by such party;
- f.3) being affiliated with a non-profit organization that receives significant funding from the Corporation, or any of its related companies;
- f.4) being a member of the immediate family of an individual who is, or has been during the past five years, employed by the Corporation or any of its related companies as an executive officer, or
- f.5) being affiliated with or employed by a present or former auditor of the Corporation, or any of its related companies in the past five years has been.

An Independent Director shall be disqualified during his tenure under the following instances or causes:

- a) He becomes an officer or employee of the Corporation or becomes any of the persons enumerated above;
- b) His beneficial security ownership in the Corporation or in its related companies exceeds two percent (2%), in which case the Corporation shall forthwith cease to consider him as an Independent Director until his beneficial security ownership is reduced to two percent (2%) or lower.
- c) He fails to meet the attendance requirement as set forth under this code and/or in the Corporation's By-laws

An Independent Director shall also possess the qualifications and none of the disqualifications for an Independent Director under the regulatory provided and except that, when relevant in the application of the qualifications and disqualifications, a "substantial stockholder" shall mean a stockholder who possesses the power to direct or govern, directly or indirectly, the financial and operating policies of the Corporation so as to obtain benefits from its activities.

The Corporation shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties. Independent directors may, when necessary, also request and receive support from executives, employees or outside professionals such as auditors, advisers and counsel to perform such duties. The Corporation shall cover the reasonable expenses of providing such support.



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A. RETIREMENT

With age often comes unparalleled wisdom and experience, skilled business judgment, invaluable industry and community relations and influence, and that the best interests of the APMCAI are served by its being able to retain directors that make very meaningful contributions to the Board and the organization regardless of age. Henceforth, the retirement age of Directors is hereby set at 75 years of age.

B. RESIGNATION FROM THE BOARD

Any Director may resign at any time by giving notice in writing or by electronic transmission to the Corporate Secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

It is the sense of the Board that Directors who change the responsibility they held when they were elected to the Board or who subsequently have another change in responsibility should notify the Chairman of the Board of each such change in responsibility. It is not the sense of the Board that in every instance the Directors who retire or have a change in responsibility from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Corporate Governance Committee to review the continued appropriateness of Board membership under the circumstances. If the Committee determines that continued Board membership under the circumstances is no longer appropriate, the Director shall resign.

A Director who cedes, sells, assigns or transfers all of his shares in the Corporation to another shall be deemed resigned upon notice to the Corporate Secretary of the cessation of stock ownership.

E. TERM LIMIT

There is no term limit for Directors, except for the Independent Directors, who shall serve for a maximum cumulative term of nine (9) years, after which, the independent director shall be perpetually barred from re-election as such in the company, but may continue to qualify for nomination and election as regular director. Imposing term limits on regular Directors holds the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, especially for highly technical ones, and therefore, provide an increasing contribution to the Board as a whole.

III. BOARD COMMITTEES

A substantial portion of the analysis and work of the Board is done by standing Board committees. The Board has established the following standing committees: Audit Committee, Corporate Governance Committee, Nominations and Election Committee and Remuneration Committee. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.



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Committee members will be appointed by the Board upon recommendation of the Corporate Governance and Nominations Committee with consideration of the desires of individual Directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

The Board will have at all times an Audit Committee and a Corporate Governance Committee. All these committees shall be headed by an independent Director. In addition, the members of the Audit Committee will also meet the experience requirements of the Securities and Exchange Commission.

IV. OTHER BOARD PRACTICES

A. REVIEW OF ROLES AND RESPONSIBILITIES

The Chairman of the Board will review with each Director on a periodic basis the performance of each Director's duties as well as the role and responsibilities of each Director.

B. PUBLIC RELATIONS

Except where directed by the Chief Executive Officer of the Company, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must be made only by specifically designated representatives of the Company. If a Director receives any inquiry relating to the Company from the media, securities analysts, brokers or investors, including informal social contacts, he or she should decline to comment and ask them to coordinate with the Office of the Corporate Secretary.

C. PERFORMANCE EVALUATION

The Board of Directors will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Corporate Governance will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will be discussed with the full Board each year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

Each standing Committee shall review and reassess the adequacy of its charter annually and recommend any proposed changes to the Board of Directors for approval. Further, each standing Committee shall annually review its own performance and report the results to the Board. The Corporate Governance Committee shall oversee and report annually to the Board its assessment of each Committee's performance evaluation process.



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D. INVOLVEMENT IN CHARITABLE INSTITUTIONS

The Board is committed to maintaining the independence of its Directors. In furtherance of this goal, the Board has adopted a policy for Directors requesting or recommending that the Company make charitable contributions to any organization. The Corporate Governance Committee will be responsible for the enforcement and periodic review of and updating the policy. In connection with its enforcement of the policy and interpretation and analysis of Directors' independence, the Committee will consider that substantial charitable contributions made by the Company to organizations with which a Director is affiliated, and charitable contributions made by the Company to certain organizations at the request or recommendation of a Director, could affect the Director's independence.

E. PRIOR NOTICE OF OTHER DIRECTORSHIPS

Directors should carefully consider the number of other boards on which they can serve consistent with the time and energy necessary to satisfy the requirements of Board and Committee memberships. Directors should also carefully consider any actual or apparent conflicts of interest and impairments to independence that service on other boards may create. In furtherance of these considerations, directors must notify the Chairman of the Board or the Corporate Secretary in a timely fashion before accepting an invitation to serve on the board of another registered issuer or another publicly listed company or public company. This prior notice is to allow discussion with the Chairman of the Board to review whether such other service will interfere with the outside Director's service on the Company's Board, impact the Director's status as a Director, or create an actual or apparent conflict of interest for the Director.

F. LIABILITY OF DIRECTORS

Directors who willfully and knowingly vote or consent to patently unlawful acts of the Corporation or who are guilty of gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duty as such Directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Corporation, its stockholders and other stakeholders.

When a Director attempts to acquire or acquires, in violation of his duty, any interest adverse to the Corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.

Specific Duties of the Board of Directors

The Board shall exert its best effort to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders. To do so, it shall perform all the functions which it is required to perform in the Corporation's By-Laws, and additionally, shall –



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- a) Properly discharge Board functions by meeting regularly. Independent views during Board meetings should be given due consideration and all such meetings shall be minuted;
- b) Create committees and other bodies it may deem advantageous or necessary in running the affairs of the Corporation, as well as appoint advisory Directors who can participate in Board deliberations but whose functions shall be strictly advisory and non-voting; and appoint officers as the Board may deem necessary, and fix their duties and powers;
- c) Select and appoint a President/ Chief Executive Officer and other senior officers with the appropriate level of motivation, integrity, competence and professionalism in accordance with the process and criteria set in the by-laws or within this code;
- d) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation in accordance with the criteria set within this code or in the by-laws of the Corporation;
- e) Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- f) Ensure that the Corporation complies with all relevant laws, regulations and as far as possible best business practices;
- g) Formulate a clear communication and disclosure policy and strategy to accurately, promptly, regularly and effectively communicate with the SEC and the Corporation's stockholders and other stakeholders and oversee the proper and effective implementation thereof.
- h) Adopt a system of internal checks and balances within the Board and the Corporation. Such internal control system shall be regularly reviewed and updated to maintain its adequacy and effectiveness;
- i) Identify and monitor key risks and key performance areas, and endeavor to provide appropriate technology and systems for the proper identification and monitoring thereof;
- j) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board;
- k) Establish and maintain 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;



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- l) Create an internal self-rating system for the annual performance assessment of the Board, the individual Directors, the board committees, the President and CEO and other key management officials in accordance with the process agreed upon by the Corporation
- The Board is primarily responsible to the stockholders and other stakeholders for financial reporting and control, and should:
- 1.1) Provide to all stockholders and other stakeholders relevant and timely information about the Corporation, including but not limited to a semestral report and an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the SEC;
 - 1.2) Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 - 1.3) Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
 - 1.4) Report that the business is a going concern, with supporting assumptions or qualifications, if necessary
 - 1.5) Maintain a sound system of internal control to safeguard stockholders' and other stakeholders' investment and the Corporation's assets;
 - 1.6) Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
 - 1.7) Require the chief audit executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;
 - 1.8) Recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;



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- I.9) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense, which expense shall be reasonable;
- I.10) Implement and monitor compliance with the Code of Conduct and Ethics; and;
- I.11) Fix a record date for the purpose of determining the stockholders who are entitled to exercise the rights such as, but not limited to, the rights to receive notice of, and to vote at, any meeting of stockholders and the right receive dividend. In cases of declaration of cash dividends, the record date shall in no case be less than ten (10) no more than thirty (30) days from said declaration.



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POLICY ON THE ORIENTATION AND TRAINING OF DIRECTORS AND OFFICERS

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POLICY STATEMENT

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC., hereby approves the Policy on the Orientation and Training of Directors and Officers (the “Training Policy”), consistent with the key mandates and specific duties and responsibilities of each member of the Board of Directors (the “Board”) and officer of the Company. As a rule, each member of the Board shall comply with the requirements set out in this Policy on the orientation programs for first-time Directors and the mandatory annual training programs for all the members of the Board, as far as practicable. The mandatory annual training program shall also apply to executive officers with the rank of Vice President and above (“Officers”).

I. ORIENTATION PROGRAM FOR NEW DIRECTORS

- 1.1 This Policy aims to provide first-time Directors of the Company with the necessary knowledge of and familiarity with the Company’s day-to-day operations. It is the Company’s belief that all the Directors will have more meaningful contributions to the Company if each is properly and suitably informed of the activities of the Company. This can be earliest achieved through a comprehensive orientation program for all directors upon joining the Board.
- 1.2 The Orientation Program of the first-time directors will provide an overview of the overall operations of the Company and will allow the first-time directors to interact with the key partners of the Company.

First-time directors shall likewise have the opportunity to meet with the Chairman of the Board, the Chief Executive Officer, Compliance Officer and the Corporate Secretary.

The Orientation Program shall be conducted at the Corporate Office or at a location convenient to newly appointed Directors within 2 months from the time of their election. Orientation will be imparted in a form of structured presentation on different topics important to the role and responsibilities of their position.

The Corporate Governance Committee, through the Office of the Corporate Secretary with the help of HR and Admin Department will organize this orientation, in an eight (8) hours module program. Module will be based upon the topics listed below or as per the latest regulatory requirements of the Securities and Exchange Commission from time to time. Topics for discussion may include but are not limited to the following:

- Overall view of the Company
- Details of the Organization Structure
- Business of the Company, its issues, its overall performance etc.
- Developments in Corporate Governance in the context of applicable guidelines;
- Insights into international best practices in the functioning of Boards and its Committees;
- Key duties and liabilities of a Director;
- Code of Conduct



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1.3 Hospital Site Visit

First-time Directors are encouraged to visit the site of operations, particularly, the Asia Pacific Medical Center (APMC) hospital site, within the same period provided in item 1.2 above or as soon as practicable. Management will make the necessary arrangements for this visit. The objective is to help the first-time directors gain familiarity with the business environment and the actual operations of the Company. In addition, this will be an opportunity for first-time directors to interact with the middle management and the other employees of the Company.

2. TRAININGS AND DEVELOPMENT REQUIREMENTS

2.1 Rationale This Policy aims to ensure that the members of the Board and Company officers are provided with the necessary, relevant and appropriate training and/or development programs annually. The annual training of the members of the Board and Company officers ensures that they are kept abreast of the developments in the business and regulatory landscapes of the industry. With these trainings, it is the Company's belief that the Board and the Officers will enhance their effectiveness and competency in addressing the needs of the Company.

2.2 Training and Development Program

The Corporate Governance Committee and the Corporate Secretary are responsible for arranging and facilitating the relevant and/or required training and/or development programs or courses for the members of the Board and Company officers.

A reasonable annual budget for the trainings and development programs shall be made available by the Company.

2.2.1 Director's Workshop in the areas of Leadership, Strategy, Corporate Governance, etc. will be designed and conducted with the help of suitable experts.

2.2.2 Nomination to specialized programs

The Corporate Governance Committee in coordination with the Corporate Secretary would identify and nominate Directors to specialized training programs conducted by reputable agencies/institutes to be facilitated by the Human Resource Department.

Directors will be required to complete at least four (4) hours of accredited seminar, workshop or program annually.

2.3 Other initiatives

Various interaction with Industry experts and experts from reputed consulting agencies will be organized which shall guide the Directors on myriad of subjects ranging from Performance Management, Motivation and



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Retention, Negotiation, Competition Law, Sustainability, CSR, Business plan, Data Privacy, challenges of the upstream industry, etc., as and when required.

In relation to independent Directors, need based training shall be provided on various matters.

The company will look at the various training requirements of the Directors based on input received and training available through seminars, conferences etc, to update the directors on various aspects, which will help in better functioning as Directors of the company. The company may engage specialists in various areas to provide information on various topics of interest. These presentations shall be before or after the Meeting of the Board of Directors.

The following activities shall also be made available:

- a. Management shall provide Directors and Company Officers updates on items of interest regarding the Company and its business, along with pertinent articles and reports published regarding the Company and its business;
- b. Presentation by the Chief Officer and/or Corporate Governance Officer on new accounting, legal, regulatory requirements, rules and/or policies affecting the Company.
- c. Hospital site visits by at least two (2) directors every month.

3. PROCESS OWNER

The process owner for implementation of the above Policy will be the Corporate Governance Committee together with the Corporate Secretary.

4. EFFECTIVITY

This Policy shall take effect immediately.

5. QUERIES

Inquiries regarding this policy shall be addressed to the Corporate Secretary and/or the Corporate Governance Committee.

6. AMENDMENT

No Amendment of this policy shall be allowed unless approved by a resolution of the Board.



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RETIREMENT POLICY OF APMCAI BOARD OF DIRECTORS

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RETIREMENT AGE

With age often comes unparalleled wisdom and experience, skilled business judgment, invaluable industry and community relations and influence, and that the best interests of the APMCAI are served by its being able to retain directors that make very meaningful contributions to the Board and the organization regardless of age. Henceforth, the retirement age of Directors is hereby set at 75 years of age.

WAIVER OF AGE REQUIREMENT

The Board may waive the previously mentioned age requirement subject to the outcome of the following conditions:

- i. Consistent and robust application of more dynamic and constructive corporate governance practices such as the annual Board of Directors' performance evaluation, regular succession planning and an exhaustive nomination process/annual fit and proper assessment for more effective board refreshment.
- ii. The Board shall also evaluate all facts and circumstances when considering a director's tenure in accordance with good governance practices, including (without limitation) to accommodate the transition of a new CEO or new directors or to provide continuity to further strategic objectives or address external factors affecting the Hospital.

DIRECTOR EMERITUS

1. No Director shall be eligible for election following the calendar year in which that Director turned 75 years of age; provided, however, that any Director who had previously served as APMCAI Director may be allowed to serve the Board until he reaches the age of 80 and provided further that any person who previously held the office of Chief Executive Officer shall be allowed to serve as a Director through the year during which such Director turned 80 years of age.
2. Each of previously mentioned Directors who retire in accordance with the policy set forth in paragraph 1. above be elected a Director Emeritus.
3. Directors Emeritus shall no longer be privileged to attend Board meetings or to serve on Board Committees but shall continue to be invited to social events to which all current Directors are invited.
4. A Director Emeritus shall be entitled to honorarium the amount of which shall be determined by the Board.



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RETIREMENT BENEFITS

Non-executive Directors shall not receive any retirement benefits. A Director Emeritus may only be entitled to retirement benefits if it had previously served as an Executive Director who is eligible for regular retirement benefits accorded to the employees of the Hospital.