

ANNUAL CORPORATE GOVERNANCE REPORT OF

Avega Managed Care, Inc.

(Name of Company)

1. For the fiscal year ended: December 31, 2023

2. Certificate Authority Number: HMO-2023-05-R

3. Philippines

Province, Country, or other jurisdiction of incorporation or organization

4. 14/F Phil. AXA Building, Sen. Gil Puyat Avenue cor. Tindalo Street, Brgy. San Antonio, Makati City

Address of principal office

1225

Postal Code

5 +63-2-7902-3430

Company's telephone number, including area code

6 https://www.avega.com.ph/

Company's official website

7. N/A

Former name, former address, and former fiscal year if changed since last report.

ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board’s Governance Responsibilities			
Principle 1: The Company should be headed by a competent working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience, or expertise that is relevant to the Company's industry/sector.	COMPLIANT	The academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors can be found in the Bio-Data or Curriculum Vitae (CV) we submitted to the Commission. The qualification standards for directors to facilitate the selection of potential nominees and to serve as the benchmark for the evaluation of their performance is enumerated and discussed in our Company By-Laws and our Manual on Corporate Governance (MCG) .	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	Our General Information Sheet (GIS) identifies our directors and the type of their directorships	
Recommendation 1.3			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on the training of directors.	COMPLIANT	Section VIII.B. of our Manual on Corporate Governance talks about our policy on the training of directors.	

2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first-time directors.	COMPLIANT	Section VIII.B. of our Manual on Corporate Governance talks about the training and development of our directors. The orientation program is also discussed in the section.	
3. Company has relevant annual continuing training for all directors.	COMPLIANT		
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	Section VII.E. of our MCG contains information on our board diversity policy. Currently, we have five (5) female and six (6) male directors with different ethnicities and professional backgrounds.	
Recommendation 1.5			
1. Board is assisted in its duties by a Corporate Secretary.	COMPLIANT	Our GIS and MCG contain information on our Corporate Secretary (CS), including her name, qualifications, duties, and functions.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Our CS attended the initial course on Corporate Governance conducted by the ICD (Institute of Corporate Directors). Update courses are to be scheduled and are being followed.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer	COMPLIANT	Our MCG contains information on our Compliance Officer (CO), including his qualifications, duties, and functions.	
2. Compliance Officer has the rank of Vice President or an equivalent position with adequate stature and authority in the corporation	COMPLIANT		Our Compliance Officer (CO) has the rank of Assistant Vice President , which is considered an Executive position in our Company. He

			reports directly to two (2) Board Committees, the Risk and Compliance Board Committee , and the Corporate Governance, Nomination, and Remuneration Board Committee . Administratively, he answers to our CEO . The CO is also a member of our Management Committee. He has almost 22 years of professional experience
3. Compliance Officer is not a member of the Board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance annually.	COMPLIANT	Our CO attended the initial course on Corporate Governance conducted by the ICD (Institute of Corporate Directors). Update courses are to be scheduled and are being followed.	
<p>Principle 2: The fiduciary roles, responsibilities, and accountabilities of the Board as provided under the law, the Company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</p>			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.	COMPLIANT	There are Minutes of the Meeting , both for Board Committee meetings and the actual Board meeting, and Board Resolutions and approvals that contain information on how the directors performed their duties.	
Recommendation 2.2			
1. Board oversees the development, review, and approval of the Company's business objectives and strategy.	COMPLIANT	There are Minutes of the Meeting , both for Board Committee meetings and the actual Board meeting, and Board Resolutions and approvals that contain	

2. Board oversees and monitors the implementation of the Company's business objectives and strategy in order to sustain the Company's long-term viability and strength.	COMPLIANT	information on how the directors performed their duties. Our Board meets every quarter or as needed to review business objectives and strategies.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Our GIS and the Bio-Data/Curriculum Vitae (CV) of our Chairperson contain information on his name and qualifications.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers, and management.	COMPLIANT	Section VII.C. of our MCG contains information on our Company's succession plan and retirement policies and programs. Our Human Capital Management & Development Department (HCMD) ensures the proper implementation of these policies and programs.	
2. Board adopts a policy on the retirement of directors and key officers.	COMPLIANT		
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	NON-COMPLIANT	The Board Committee Charter (BCC) provides that the Remuneration Committee (now, “Corporate Governance, Nomination, and Remuneration Committee”) shall aid the Board of Directors in evaluating and approving compensation plans, policies, and programs for the Directors, Management Employees, and Key Employees, the adoption of policies that govern the Company’s compensation and benefits programs. In accordance with the Corporation’s By-Laws, the compensation of the	Our HCMD has already rolled out the Performance Management System 2.0 . As of Q4 of 2023, it has only been rolled out for junior officers. The rollout to senior/key officers will follow by Q3 of 2024 .
2. Board aligns the remuneration of key officers and board members with the long-term interests of the Company.	NON-COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		

		Directors is determined by the Board and subject to the approval of the shareholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the shareholders.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>Sections VI and VII of our MCG contain information on the Company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates are, and how it encourages nominations from shareholders.</p> <p>Moreover, the BCC provides that the Nomination Committee (now, "Corporate Governance, Nomination, and Remuneration Committee,") shall aid the Board of Directors in identifying, screening, and reviewing individuals who are qualified to serve as Directors and succeed as the Management Employees and Key Employees. The Nomination Committee has yet to formulate and adopt guidelines on the qualifications of the members of the Board of Directors, and those who will succeed the current Management Employees, and Key Employees of the Company.</p> <p>The Nomination Committee (now, "Corporate Governance, Nomination, and Remuneration Committee") likewise:</p>	
2. Board nomination and election policy is disclosed in the Company's Manual on Corporate Governance.	COMPLIANT		
3. Board nomination and election policy include how the Company accepts nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy include how the board reviews nominated candidates.	COMPLIANT		
5. Board nomination and election policy include an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement of a director.	COMPLIANT		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the Company.	COMPLIANT		

		<p>a. Ensures that the Company shall have the required number of Independent Directors with the qualifications and none of the disqualifications as provided under applicable laws, regulations, and rules;</p> <p>b. Oversees the dissemination of information about the nomination process and the soliciting of recommendations from appropriate entities;</p> <p>c. Provides a slate of candidates for discussion during the annual meeting of the stockholders of the Company and the organizational meeting of the Board of Directors; and</p> <p>d. Exercises oversight of the induction program and continuous development program for Board members;</p> <p>e. Reviews the Board of Directors succession plans for Directors, Management Employees, and Key Employees of the Company;</p> <p>f. Reviews key staff appointments defined as Vice President and above;</p> <p>g. Provides a slate of candidates for the discussion of the Board of Directors, and/or other pertinent committees in case of vacancy by reason of death, resignation, disqualification, or for any other cause, of a Director, Management Employees, or Key Employees.</p>	
Recommendation 2.7			

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Our Company has a Related Party Transactions Policy that was approved by the Board. The policy covers the review and approval of significant RPTs. We likewise have an RPT Board Committee, the functions of which are disclosed in our Board Committee Charter. We submit quarterly and annual RPT reports to the Insurance Commission. All these transactions were approved by the Committee and are compliant with our policy.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.	COMPLIANT		
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).	COMPLIANT	The BCC outlines the Board's policy and responsibility for approving the selection of management. Three (3) Committees aid in this function – Executive Committee, Management Committee, and the Corporate Governance, Nomination, and Remuneration Committee. The identities of our Management team can be found in our GIS .	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).	COMPLIANT	The BCC outlines the Board's policy and responsibility for assessing the performance of management via the different Board Committees. A review of performance is done during quarterly Board meetings. Both quantitative and qualitative performance is reviewed. Performance is reviewed on a comparative period and against budget and whether alignment to the strategic objectives is met.	

		<p>The Board Risk and Compliance Committee meets quarterly to identify risks and mitigations done to address the same. The Committee also reviews the report of the Compliance Officer for the status of compliance.</p> <p>The Audit Committee meets quarterly to review Internal Audit reports and the progress of the resolutions of the audit items. The committee also requires the external financial auditor to present the audit findings for both control assessments and financial adjustments.</p>	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer's performance, is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT		As mentioned in our response to Recommendations 2.5.1 and 2.5.2, the framework is already in place, but diligent documentation will be improved. In addition, our HCMD is currently in the process of rolling out the Performance Management System 2.0 which will ensure that the performance of Management, including the Chief Executive Officer's performance, and the entire workforce, is at par with the standards set by the Board and Senior Management.
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Our BCC and MCG show the Board's responsibility for overseeing that an appropriate internal control system is in	

2. The internal control system includes a mechanism for monitoring and managing potential conflicts of interest among the Management, members, and shareholders.	COMPLIANT	<p>place and what is included in the internal control system. Different Board Committees have been set up for these controls. On the operational level, there are dedicated functions for Internal Audit, Enterprise Risk, and Compliance.</p> <p>The Board likewise approved policies to monitor and mitigate Conflicts of Interest within the Company. The RPT Policy, MCG, Compliance Management Policy, Code of Discipline (CoD), and Code of Ethical Standards (CoES) are all present to enforce internal control.</p>	
3. Board approves the Internal Audit Charter	COMPLIANT	We have an Internal Audit Charter that was approved by the Board .	
Recommendation 2.11			
1. Board oversees that the Company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess, and manage key business risks.	COMPLIANT	Our Board approved the Enterprise Risk Management Framework Policy . It shows the Board's oversight responsibility for the establishment of a sound enterprise risk management framework and how the Board is guided by the framework.	
2. The risk management framework guides the Board in identifying unit/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	As a result of our ERM Framework , our Company was able to establish an ERM Process, Specific Risk Appetites, and a Risk Register. We have also acquired several insurance coverages to mitigate specific risks that we have discovered.	
Recommendation 2.12			

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.	COMPLIANT	Link to Manual on Corporate Governance (MCG) https://www.avega.com.ph/forms/Avega%20Manual%20on%20Corporate%20Governance.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the Company's website.	COMPLIANT		

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

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	Our MCG and BCC contain information on all the board committees established by the Company.	
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	Our MCG and BCC contain information on the Audit Committee, including its functions. It is the Board that appoints and removes the Company's external auditor.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman are independent.	COMPLIANT	Our BCC contains information on the members of the Audit Committee, including their qualifications and type of directorship.	

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.	COMPLIANT	The Bio-Data/CV of the Board of Directors contains information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Bio-Data/CV submitted to the IC contains information on the Chairman of the Audit Committee	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	Our MCG and BCC contain information on the Corporate Governance Committee, including its functions. The Nomination and Remuneration Committee, "Corporate Governance, Nomination, and Remuneration Committee" is tasked to develop and recommend an effective process of identifying the quality of directors are aligned with the Company's strategic direction.	
2. Corporate Governance Committee is composed of at least three members, the majority of whom should be independent directors.	COMPLIANT	Our BCC contains information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	The Bio-Data/CV submitted to the IC contains information on the Chairman of the Corporate Governance Committee.	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Our MCG and BCC contain information on the Board Risk Oversight Committee (BROC), including its functions. We call it the Risk and Compliance Committee .	

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	Our BCC contains information on the members of the Risk and Compliance Committee, including their qualifications and type of directorship.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	The Bio-Data/CV submitted to the IC contains information on the Chairman of the Risk and Compliance Committee.	
4. At least one member of the BROC has relevant thorough knowledge and experience in risk and risk management	COMPLIANT	The Bio-Data/CV of the Board of Directors contains information on the background, skills, and/or experience of the members of the Risk and Compliance Committee.	
Recommendation 3.5			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the Company	COMPLIANT	Our MCG and BCC contain information on the Related Party Transactions (RPT) Committee, including its functions.	
2. RPT Committee is composed of at least three non-executive directors, the majority of whom should be independent, including the Chairman.	COMPLIANT	Our BCC contains information on the members of the RPT Committee, including their qualifications and type of directorship.	
Recommendation 3.6			
1. All established committees have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information.	COMPLIANT	Our BCC outlines the Company's committee charters, containing all the required information, mainly the functions of the Committee that is necessary for performance evaluation purposes.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the Company's website.	COMPLIANT	Our MCG , which is posted on our website, discusses the functions of our Board Committees in the Annex section.	

Principle 4: To show full commitment to the Company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Our Corporate By-Laws contain information on the process and procedure for tele/videoconferencing Board and/or committee meetings. The Minutes of the Meeting (MoM) contain information on the attendance and participation of directors in the Board, Committees, and shareholders' meetings.	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The MoM would show any questions raised or clarification/ explanation sought by the directors.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The MoM would show any questions raised or clarification/ explanation sought by the directors.	

Recommendation 4.2

1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.	COMPLIANT	Our MCG Manual has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Section XVI.A. of our MCG shows the directorships of the Company's directors in both listed and non-listed companies or the list of disqualifications.	
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Recommendation 4.3

1. The directors notify the Company's Board where he/she is an incumbent director before accepting a directorship in another company.	COMPLIANT	We use the Bio-Data/CV submitted by our Directors to the IC to verify this notification.	
Principle 5: The Board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board is composed of at least twenty percent (20%) independent directors	COMPLIANT	Our GIS contains information on the number of independent directors on the Board.	
Recommendation 5.2			
1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.	COMPLIANT	Our MCG contains information on the qualifications of independent directors. The Bio-Data/CV they submitted also shows their capabilities.	
Recommendation 5.3			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	COMPLIANT	Our GIS shows the years IDs have served as such.	

2. The Company bars an independent from serving in such a capacity after the term limit of nine years.	COMPLIANT	This information is contained in our MCG . It shows the Company's policy on term limits for its independent director.	
3. In the instance that the Company retains an independent director in the same capacity after nine years, the Board submits to the Insurance Commission a formal written justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	No such submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting has ever been made.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals	COMPLIANT	Chairman: Mr. Mario M. Silos Chief Executive Officer: Mr. Norman Noel P. Amora	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	Our MCG contains information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. The Chairman and CEO are two distinct individuals.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	COMPLIANT	Our MCG and BCC show the roles and functions of our Independent Directors. Most of them are Chairpersons of the different Board Committees. Our Chairman and CEO are not being held by the same person. Our Chairperson is not an independent director	
Recommendation 5.6			

1. Directors with a material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	COMPLIANT	For 2023, no such abstention was required as no deliberations involved a conflict of interest. Abstention was already practiced by our directors last 2020. This was reported in our scorecard in the previous year.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	COMPLIANT	The heads of Internal Audit, Enterprise Risk and Compliance, and External Auditor/s have separate periodic meetings with Non-Executive Directors (NEDs) and Independent Directors (IDs). Updates on current issues surrounding Internal Control are being discussed during the sessions. There are weekly, monthly, and quarterly meetings.	
2. The meetings are chaired by the lead independent director.	COMPLIANT		
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies			
Recommendation 6.1			
1. The Board conducts an annual assessment of its performance as a whole	COMPLIANT	Sections VIII.A. and XVI.C. of our MCG talk about this assessment. The exercise was done last March and April 2023, and the evaluation results will be discussed in our Corporate Governance, Nomination, and Remuneration Committee. The aggregated results will then be shared with the whole board.	
2. The performance of the Chairman is assessed annually by the Board	COMPLIANT		
3. The performance of the individual member of the Board is assessed annually by the Board	COMPLIANT		
4. The performance of each committee is assessed annually by the Board.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT	This requirement is not yet applicable since this is only the first time the board assessment exercise has been done.	This will still be discussed as the Board undergoes its third

			year of the assessment exercise. Initial talks have been started in the Corporate Governance, Nomination, and Remuneration Board Committee but no definite plans have been agreed upon.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria, and processes to determine the performance of the Board, individual directors, and committees.	COMPLIANT	Our MCG contains information on the system of the Company to evaluate the performance of the Board, individual directors, and committees, including a feedback mechanism from shareholders. Sections VIII, XIV, and XVI discuss these topics.	
2. The system allows for a feedback mechanism from the shareholders	COMPLIANT		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders			
Recommendation 7.1			
1. Board adopts a Code of Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings of the Company	COMPLIANT	We have our Standards of Ethical Conduct/Code of Ethical Standards (CoES) and Code of Discipline (CoD) .	
2. The Code is properly disseminated to the Board, senior management, and employees.	COMPLIANT	Our Codes were approved by the Board and are disseminated to all new hires. Recently, we disseminated the updated codes to all employees via email blast.	

3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Our Standards of Ethical Conduct can be found on our website.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics	COMPLIANT	We have our Code of Discipline to ensure compliance with the Standards of Ethical Conduct. Moreover, we have our Compliance Management Policy to provide the framework of compliance.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	All employees , including the Board of Directors, must comply with the Standards of Ethical Conduct.	
Disclosure and Transparency			
Principle 8: The Company should establish corporate disclosure policies and procedures that are practical and In accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.	COMPLIANT	Section XIII of our MCG talks about our Company's disclosure policies and procedures, including reports distributed/made available to shareholders and other stockholders	
Recommendation 8.2			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	The Bio-Data/CV we submitted to the IC provides the directors' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise, and relevant trainings attended.	
2. Board fully discloses all relevant and material information on key	COMPLIANT	The Bio-Data/CV we submitted to the IC provides a reference to the key	

executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment		officers' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise, and relevant trainings attended.	
Recommendation 8.3			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code	NON-COMPLIANT		Our new Performance Management System has been implemented, but we still need to document the procedures for setting board and executive compensation. Our HCMD will need to craft an additional policy, which will then be presented and reviewed by our Remuneration Committee (now known as the "Corporate Governance, Nomination, and Remuneration Committee"). This new policy will ensure transparency in the remuneration-setting process and require disclosure of all fixed and variable compensation paid to directors and top management officers during the previous fiscal year, whether directly or indirectly. We aim to have this new policy available by the end of 2024 .
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with the ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code	NON-COMPLIANT		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		
Recommendation 8.4			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions	COMPLIANT	We have our RPT Policy in place. Please see the response to recommendation 5.6.1. for additional information.	
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by a majority vote of the stockholders in the annual stockholders' meeting during the year.	COMPLIANT	We submit to the IC our RPTs every quarter and year . The document contains most of the information below: 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of the transaction; 5. Amount or contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e., names of the Board of directors approving, names and percentage of shareholders who approved) based on the Company's policy; and 9. Other terms and conditions.	
Recommendation 8.5			
1. Company's corporate governance policies, programs, and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	https://www.avega.com.ph/forms/Avega%20Manual%20on%20Corporate%20Governance.pdf	
2. Company's MCG is posted on its company website	COMPLIANT		
Principle 9: The Company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality			
Recommendation 9.1			

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	COMPLIANT	Section 6 of our Policy on External Auditors talks about the appointment, reappointment, and removal of our external auditors.	
2. The appointment, reappointment, removal, and fees of the external auditor are recommended by the Audit Committee, approved by the Board, and ratified by the shareholders.	COMPLIANT	The majority of shareholders usually ratify the appointment, reappointment, removal, and fees of the external auditor. Please see our most recent MoM .	
3. For the removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	NON-COMPLIANT		Proper disclosures are already being made to the IC and SEC. External auditors are also mentioned in our AFS.
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	Our BCC contains the Company's Audit Committee Charter.	

2. Audit Committee Charter contains the Committee's responsibility for reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Our BCC contains the Company's Audit Committee Charter.	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest	COMPLIANT	There was no conflict of interest noted. External auditors were aware of this control.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity	COMPLIANT	There was no conflict of interest noted. External auditors were aware of this control.	
Principle 10: The Company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	Currently, what we have is the Sustainable Procurement Policy and an updated Policy on Environmental Sustainability	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	We have adopted the Sustainability Framework of our Parent Company, Fullerton Health. The framework was developed based on the Global Reporting Initiative (GRI) . Locally, we already have draft material ESG topics , performance indicators, and targets. In the next two (2) years, we will be doing the following activities: (1)	

		develop our Sustainability Report (2) integrate risk management and sustainability (3) assess climate risk, and decarbonization opportunities and (4) develop a sustainable Finance Framework.	
Principle 11: The Company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders, and interested users.			
Recommendation 11.1			
1. The Company should have a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.	COMPLIANT	https://www.avega.com.ph/ and our Social Media channels like Facebook, LinkedIn, Instagram, YouTube, etc.	
Internal Control System and Risk Management Framework			
Principle 12: To ensure integrity, transparency, and proper governance in the conduct of its affairs, the Company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system for the conduct of its business.	COMPLIANT	Details can be found in our Internal Audit Department (IAD) Charter . Please see pages 3 to 5 of the Charter for the list of quality service programs for internal audit functions. Indicated there also is the frequency of review of the internal control system.	

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>The process we use is derived from the COSO ERM Framework for our Enterprise Risk Management.</p> <p>Our Enterprise Risk Management Framework contains information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the Company is currently facing 3. How the Company manages the key risks <p>Every 1-2 years, we review our enterprise risk management framework.</p>	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides independent and objective assurance, and consulting services designed to add value and improve the Company's operations.	COMPLIANT	In-house Internal Audit	
Recommendation 12.3			
1. The Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	<p>Our head of Internal Audit is Assistant Vice President (AVP) Ms. Maria Midori R. Cruz. Her responsibilities are discussed and listed on pages 5 to 7 of our IAD Charter. The function and duties of the Head of the IAD are almost the same as that of a CAE.</p>	We do not have an officially appointed Chief Audit Executive (CAE), but we have our Head of Internal Audit (IA) who occupies an executive position in our Company.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	COMPLIANT		

3. In the case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	The Internal Audit function is not outsourced.	
Recommendation 12.4			
1. The Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The Company has a separate department/section looking after Risk Management with a Senior Officer as Head.	
Recommendation 12.5			
1. In managing the Company's Risk Management System, the Company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	Our Operations and Healthcare Risk Officer (OHRO) is Assistant Vice President (AVP) Ms. Desiree Nica F. Alibio . She is a member of the Management Committee and reports to the Risk and Compliance Committee. Attached are her responsibilities and qualifications/background.	We do not have an officially appointed Chief Risk Officer (CRO) but instead, have our Operations and Healthcare Risk Officer (OHRO) . Our OHRO likewise occupies an executive position/rank in our organization. The functions and responsibilities of our OHRO are almost the same as that of a CRO.
2. CRO has adequate authority, stature, resources, and support to fulfill his/her responsibilities.	COMPLIANT	The OHRO has the rank of Assistant Vice-President and is a member of the Management Committee . She likewise reports to the Board Committee on Risk and Compliance directly.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The Company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance	COMPLIANT	Section XIV of our MCG talks about this topic.	
2. Board ensures that basic shareholder rights are disclosed on the Company's website.	COMPLIANT	https://www.avega.com.ph/forms/Avega%20Manual%20on%20Corporate%20Governance.pdf	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting	COMPLIANT	<p>In our Shareholder's Agreement, section 4.5 states:</p> <p>4.5 Meetings of Directors</p> <p>(a) A Director may, and at the request of a Director, the secretary of a Group Company shall call a Board meeting.</p> <p>(b) Board meetings of each Group Company shall be held at least four (4) times each year at such places as the relevant Board shall determine.</p> <p>(c) At least fourteen (14) days notice of a Board meeting shall be given to all relevant Directors and all Board Observers, accompanied by:</p> <p>(i) an agenda specifying in reasonable detail the matters to be raised at the meeting;</p> <p>and (ii) copies of any papers to be discussed at the meeting.</p> <p>(d) A shorter period of notice of a Board meeting may be given if at least an FHCP Director and a Manager Director of that relevant Board agree in writing.</p> <p>(e) Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a Board</p>	

		<p>meeting unless all Directors of the relevant Board present at the meeting do not object to those additional matters.</p> <p>(f) The Directors may participate in a Board meeting by means of a telephone conference or a video conference or similar communications equipment by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a Director to be in the physical presence of another Director(s), in accordance with the requirements of the Securities and Exchange Commission from time to time; and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum under Clause 4.6 at all times during such meeting, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A meeting conducted by means of a telephone conference or a video conference or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one (1) of the Directors present at the meeting was at that place for the duration of the meeting.</p>	
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		<p>Shareholders are notified of the scheduled meeting 14 days prior meeting for both the ASM and in cases of SSM. In case of Audited Financial Statements (AFS), it only comes in 1 day prior to the meeting. As a result, the discussion materials come in late of the 14-day notice of the meeting.</p> <p>Unfortunately, we cannot share the entire Shareholder's Agreement due to its sensitive nature.</p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Please see attached the MoM of the most recent ASM/SSM. The same was also submitted to the IC.	
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	COMPLIANT	https://www.avega.com.ph/pdf/Avega%20Minutes%20of%20the%20Meeting%202022.pdf	
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Our Shareholders' Agreement (SHA) has this mechanism in place.	The Board had discussed amending our MCG to include an alternative dispute resolution, but the topic has been put on hold.
2. The alternative dispute mechanism is included in the Company's Manual on Corporate Governance.	NON-COMPLIANT		

Duties to Stockholder

Principle 4: The rights of stakeholders established by law, contractual relations, and voluntary commitments must be respected. Where stakeholder's rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the Company's various stakeholders and promotes cooperation between them and the Company in creating wealth, growth, and sustainability.	COMPLIANT	Our GIS Identifies the Company's shareholders while our By-Laws and MCG contain information on the Company's policies and programs for its stakeholders.	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism for the fair treatment and protection of stakeholders	COMPLIANT	Section XIV of our MCG talks about this topic.	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights.	COMPLIANT	<p>Our stakeholders can voice their concerns and/or complaints about the possible violation of their rights to the following persons:</p> <p>Corporate Secretary: Atty. Magilyn T. Loja gilyn.loja@bleslaw.com</p> <p>Assistant Corporate Secretary: Atty. Anniefair A. Ausan-Uson anniefair.ausan@bleslaw.com</p> <p>Compliance Officer: Patrick Mitchell B. Sarmiento compliance@avega.net.ph</p>	
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		We are sharing our Whistleblowing Policy . Reporting mechanisms are mentioned in our policy.	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the Company's goal and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance.	COMPLIANT	We have our Leader's (Manager's) Forum where our junior officers can participate in discussing operational concerns, including governance, risk, and compliance. We likewise have periodic conferences and summits attended by key officers to assess business strategies. Most of these programs have an open forum format where employee participation is encouraged.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	We have our Governance Policies , which include the following: <ul style="list-style-type: none"> • Anti-Bribery and Corruption • Fraud • Gifts and Entertainment • Whistleblowing 	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the Company's culture.	COMPLIANT	We have annual online training programs/modules for them. We likewise have periodic email blasts on important updates to encourage feedback from the workforce.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	Our Whistleblowing Policy is very straightforward and so easy for our employees to follow.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	There is a Confidentiality clause embedded, and Protection from Retaliation is further guaranteed. There are four (4) channels through which our employees can raise concerns or report any illegal or unethical behavior.	
3. Board supervises and ensures the enforcement of the whistleblowing framework	COMPLIANT	The Board is tasked to approve the policy, including revisions to it. This is done via the endorsement of the Risk and Compliance Committee. Regular updates on incidents involving Whistleblowing are given to the Board Committee if any.	
Principle 16: The Company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the Company to grow its business while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Avega recognizes its accountability to society and the environment as a whole. We highly acknowledge the responsibility that we have toward our Country, our stakeholders, and civil society. Thus, we are fully committed to taking social actions and supporting sustainable development goals. We are a member of the largest corporate-led social development foundation, the Philippine Business for Social Progress (PBSP).</p>	
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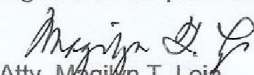
CERTIFICATION

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of Makati City on the MAY 08 2024 20__


Mario M. Silos

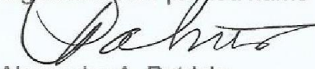
CHAIRMAN OF THE BOARD
Signature over printed name


Atty. Magilyn T. Loja

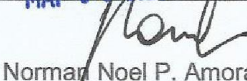
CORPORATE SECRETARY
Signature over printed name

John Aloysius S. Bernas

INDEPENDENT DIRECTOR
Signature over printed name


Alexander A. Patricio


INDEPENDENT DIRECTOR
Signature over printed name


Norman Noel P. Amora

PRESIDENT/CEO
Signature over printed name


Patrick Mitchell B. Sarmiento

**CORPORATE GOVERNANCE
COMPLIANCE OFFICER**
Signature over printed name


Suresh Marimuthu

INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this MAY 08 2024 day of _____, 20__, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NO.	DATE/PLACE ISSUED
1. Mario M. Silos	SSS ID No. 03-3253014-1	
2. Magilyn T. Loja	Driver's License No. N02-94237237	valid until 5/6/2032
3. Alexander A. Patricio	Driver's License No. N11-72004724	valid until 3/30/2033
4. Norman Noel P. Amora	TIN ID No. 189-292-873	
5. Patrick Mitchell B. Sarmiento	Driver's License No. F01-99129112	valid until 11/30/2031
6. Suresh Marimuthu	Alien Certificate of Registration	valid until 2/27/2025

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Page No. 24 :
Book No. 5 :
Series of 20 2024 :


JOHN ELLYSON L. LETRAN

Commission No. M-286

Notary Public - Makati City

Until December 31, 2025

Esguerra & Blanco Law Offices

4th & 5th Floors, S&L Building, De La Rosa corner

Esteban Sts., Legaspi Village, Makati City 1229

PTR No. 10076001/1-2-24/Makati City

IBP No. 388456/1-2-24/Makati City Chapter

(Admitted to the Philippine Bar on 17 May 2022)

Roll No. 79664

NOTARY PUBLIC





Embassy of the Republic of the Philippines
Botschaft der Republik Philippinen
Vienna



Embassy of the Philippines)

Consular Section) s.s.

Vienna, Austria)

ACKNOWLEDGEMENT

BEFORE ME, **IVAN FRANK M. OLEA**, Consul General of the Embassy of the Republic of the Philippines in Vienna, Austria, duly commissioned and qualified, personally appeared **JOHN ALOYSIUS SEECHUNG BERNAS**, holder of Philippine Diplomatic Passport No. D0012072A, issued on 10 March 2023 by DFA Manila, known to me to be the same person who executed the attached **CERTIFICATION** and having been informed by me of the contents thereof, acknowledged to me that the same is of his free act and deed.

The instrument consists of **three (3) pages** including this page on which this acknowledgement is written and has been signed by the parties and his instrumental witnesses on each and every page thereof. The Embassy assumes no responsibility for the contents of the annexed document.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Embassy of the Republic of the Philippines to be affixed hereto this **14th day of May 2024**, in Vienna, Austria.



[Signature]
Ivan Frank M. Olea
Consul General

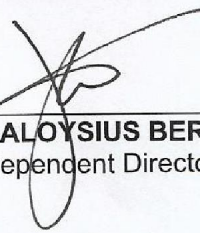
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PAGE NO.	21
BOOK NO.	XIX
SERIES OF	2024
SERVICE NO.	0913
OR NO.	GRATIS
DATE:	14 May 2024
FEE	GRATIS

CERTIFICATION

The undersigned hereby certifies that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete, and correct of my own personal knowledge, together with the rest of the signing Directors and/or Officers, and/or based on authentic records and is identical to the separate notarized Document signed separately by the following Directors and/or Officers below:

Mario M. Silos, Chairman of the Board
Norman Noel P. Amora, President
Atty. Magilyn T. Loja, Corporate Secretary
Patrick Mitchell B. Sarmiento, Corporate Governance Compliance Officer
Suresh Marimuthu, Independent Director
Alexander A. Patricio, Independent Director

Signed in the City of VIENNA, AUSTRIA on the 14. Mai 2024 of _____
20____.


JOHN ALOYSIUS BERNAS
Independent Director

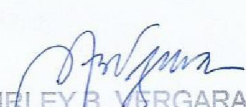
SUBSCRIBED AND SWORN to before me this 14. Mai 2024 day of _____, 20____, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NO.	DATE/PLACE ISSUED
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1. JOHN ALOYSIUS BERNAS

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Page No. _____:
Book No. _____:
Series of 20 _____.


SHIRLEY B. VERGARA

Witness
Signature over printed name


ANNA LIZA A. DANTES-HUBER

Witness
Signature over printed name