



Corporate Governance Statement

Summary

The Board and management of Hygea Holdings Corp. (the "Company") are committed to ensuring that the Company adheres to best practice governance principles and maintain the highest ethical standards. The Board has agreed to regularly review and assess the Company's governance structures to ensure that they are consistent, both in form and in substance, with industry and regulatory best practices.

The Company is currently a reporting public entity but is not listed on any stock exchanges. If and when the Company files another registration statement, one of the purposes of such registration statement will be for listing the Company on a major exchange. Corporate governance principles and guidelines have been introduced in anticipation of this event in accordance with both Sarbanes-Oxley requirements and governance best practices.

The Governance Manual for the Company consists of various charters and policies. The Board considers that the Company's corporate governance practices and procedures substantially reflect the principles and values as set forth in this Corporate Governance Statement. The full content of the Company's corporate governance policies, practices and procedures can be requested by interested parties by contacting ir@hygea.net.

The Company expects its employees and directors to maintain high ethical standards. A Code of Conduct for the Company and a separate Directors' Code of Conduct set out these standards.

Both codes address, amongst other things:

- conflicts of interest;
- corporate opportunities;
- receipt of gifts;
- disclosure and confidentiality;
- appropriate and acceptable behavior;
- reporting issues regarding breaches of ethics, legal obligations and Company policies;
- directors obligations to act in good faith and;
- obligations of directors and employees to act in the best interests of the Company.

Code of Conduct

Our Code of Conduct requires that all directors and employees to act in the best interests of the Company at all times and to not accept from, or offer to, anyone, bribes, kickbacks or other improper inducements. The Company also has a policy that it does not make corporate level political donations.

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Board of Directors

The business and affairs of the Company are managed under the direction of the Board of Directors. The Board is elected by shareholders to act at all times in their best interest of all the Company's shareholders and at a general level to:

- establish the Company's annual business plan and objectives;
- establish the Company's three year strategic plan;
- develop strategies for existing and new markets as well as major business opportunities
- manage risks both regulatory and commercial in existing and future business;
- determine the policy framework within which business is to be conducted; and
- monitor management's performance with respect to its business plan.

The Board Charter regulates internal Board procedure and describes the Board's specific role and responsibilities. The Board delegates management of the day-to-day affairs and responsibilities of the Company to the executive team under the leadership of the Chief Executive Officer, whose responsibility is to deliver the strategic direction and goals determined by the Board.

Board Composition

At present, there are twelve directors on the Board. Seven directors are non-executive directors. Manuel Iglesias, the CEO, Edward Moffly, the CFO, Martha Castillo the COO, Keith Collins the CMO and Taeho Oh, an EVP are the executive directors on the Board. The Chairman of the Board is Dan McGowan. The biography of each Board member, including each director's skills, experience, and expertise is available on our website, www.hygea.net.

Independence of Directors

The factors that the Company will take into account when assessing the independence of its directors are set out in its Charter, a copy of which is available on our website. The Company has adopted no quantitative materiality thresholds because it was considered more appropriate to determine independence on a case-by-case basis. After consideration of these factors, the Company is of the view that:

- 1) No director is a substantial shareholder of a Company, or an officer of a Company, associated directly with a shareholder holding more than 5% of Hygea.
- 2) No director has been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with a service provider to Hygea, within the last three years.
- 3) No director is a material supplier or customer of the Company or other group member, or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer.
- 4) No director has a material contractual relationship with the Company or another group member other than as a director of the Company.

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- 5) No director has served on the Board for a period, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company. In this context, the Board specifically confirms that it will be adopting term limits to be put in place for all non-executive directors.
- 6) All directors are free from any interest or any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- 7) Based on these assessments, the Company considers that, as at June 30th, 2013, six of the twelve current directors are independent directors, namely Dan McGowan, Frank Kelly, Frank Recio, Glenn Marrichi, Lacy Loar (Secretary of the Corporation) and Carl Rosencrantz.

Committees

Specific responsibilities are delegated to the Audit Committee, the Compensation Committee, and the Acquisition Committee. These Board committees support the Board by working with management on relevant issues at a suitably detailed level and then report back to the Board. Each of these committees has a charter setting out the committee's objectives, procedures, composition and responsibilities. Copies of these charters are available on the Company's Website.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to the Company's risk management and internal control framework, the integrity of its financial reporting and the Company's auditing processes and activities. Under the Audit Committee Charter, the Committee must be comprised of non-executive directors, the majority of whom must be independent. Further, the Chair of the Committee must be an independent director and cannot be the Chairman of the Board. The current members of the Audit Committee are Frank Recio and Glenn Marrichi. All members of the Audit Committee are independent non-executive directors.

Compensation Committee

The Compensation Committee's role is to oversee and regulate remuneration matters of the Company including, remuneration and benefits policies; performance objectives and remuneration of the Company's senior executives; succession planning and associated management development for the chief executive and senior executives. The current members of the Compensation Committee are Frank Recio, Dan McGowan, and Carl Rosencrantz. All members of the Compensation Committee are independent directors.

Acquisition Committee

The Board has delegated the Acquisition Committee to the responsibility of recommending potential practice and ancillary services companies for the Company to acquire. When recommending candidates for acquisition, the Acquisition Committee takes into account such factors as due diligence on the target, projected impact to the organization and other factors it deems appropriate, including the background, experience and qualifications of any management personnel to survive the acquisition. The current members of the Compensation Committee are Frank Kelly, Dan McGowan, Edward Moffly and Manuel Iglesias. Moffly and Iglesias are both executive and non-independent board members.

As we operate in a broadly specialized industry, the Board believes that it is important to have a board consisting of members with diverse backgrounds, experience and skills. The Board also seeks to have experience and knowledge which spans marketing, sales, finance, science, medicine, engineering, legal and/or regulatory to meet the demands of a nationwide healthcare business.

The Board normally holds quarterly meetings. However with an urgency occurring from time to time other meetings are added ad hoc as necessary. There is no formal procedure agreed by the Board to allow directors to take independent professional advice at the expense of the Company. However, if circumstances arose where a director needed to obtain independent advice, that director would, as a matter of practice, be at liberty to seek such advice at the expense of the Company.

The maximum total monetary sum payable by the Company by way of directors' fees is adjusted each year to reflect Companywide performance and is approved by shareholders at the Annual Meeting of Shareholders. Directors do not take a portion of their remuneration under an equity security plan but all directors hold shares in the Company, details of which are set out in the "Directors' Shareholdings" section of our Annual Report. It will be the Company's policy when it lists its shares for trading on a US exchange to encourage directors to acquire shares on-market.

The remuneration packages of senior management consist of a mixture of a base remuneration package, the Company-wide profit sharing bonus and a share options plan and MBO (Management by Objective) rights plan. The remuneration policy for senior management is designed to attract, reward and retain high quality employees who will enable the Company to achieve its short and long-term objectives. The policy includes providing performance incentives which allow executives to share in the long term success of the Company and share option and performance share rights plans intended to encourage the retention of senior management and increase the commonality between the interests of management and shareholders. A general and wider disclosure of senior management remuneration is included in the "Employee Remuneration" section set out in our Annual Report, where the Company has disclosed remuneration (inclusive of the value of other benefits) received by employees of the Company and its subsidiaries in the relevant bandings of employee remuneration exceeding \$100,000 received during that fiscal year.

Performance Evaluation

The Board has a policy in place relating to the performance evaluation of the Board, the Board's committees, individual directors and executives. The Board Charter requires the Board to undertake an annual performance evaluation of itself that:

- compare the performance of the Board with the requirements of its Charter;
- reviews the performance of the Board's committees;
- sets forth the goals and objectives of the Company for the upcoming year; and
- effects any improvements to the Board Charter deemed necessary or appropriate.

Risk Management

The Company has a number of risk management policies for the oversight and management of financial and non-financial material business risks, as well as related internal compliance systems that are designed to:

- optimize the return to, and protect the interests of, stakeholders
- safeguard the Company's assets and maintain its reputation;
- improve the Company's operating performance; and
- fulfill the Company's strategic objectives.

The Company has in place a number of policies including those covering external financial auditors, remuneration, market disclosure, communication with shareholders, diversity, share trading, human resources and health and safety. Further information with respect to a number of these policies may be obtained by contacting ir@hygea.net.

Trading by Company Directors and Officers Policy

The Trading by Company Directors and Officers Policy identifies circumstances where directors and officers are permitted to trade, or prohibited from trading, Company shares. The Company is committed to complying with legal and statutory requirements with respect to ensuring directors and officers do not, and will not, trade Company shares while in possession of inside information.

With respect to employee share purchase plans or equity-based remuneration plans operating with respect to Company securities, no director or employee is permitted to enter into financial products or arrangements, which operate to limit the economic risk of their vested or unvested entitlements.

Market Disclosure Policy

The Company is committed to the promotion of investor confidence by ensuring that when the Company is a public trading entity that the trading of Company shares takes place in an efficient, competitive and informed market. The Company will implement a Market Disclosure Policy establishing the Company's disclosure policies for meeting the continuous disclosure requirements of the exchange it becomes listed upon.

Communication with Shareholders Policy

The aim of the Company's communication arrangements is to provide shareholders with information about the Company and to enable shareholders to actively engage with the Company and exercise their rights as shareholders in an informed manner. The Company's Shareholder Communication Policy facilitates communication with shareholders through written and electronic communication, and by facilitating shareholder access to directors, management and the Company's auditors. The company maintains an active and engaged investor relations department, which can be contacted at ir@hygea.net.



Diversity Policy

The Company is committed to providing equal employment opportunities and as such, has a workforce consisting of many individuals with diverse skills, values, backgrounds, ethnicity and experiences. The Company ensures that its selection processes for recruitment and employee development opportunities are free from bias and are based on merit.

The Board has delegated to the Compensation Committee the responsibility for oversight of the Company's Diversity Policy. On an annual basis, the Committee will review and report to the Board on the Company's Diversity Policy, its diversity objectives and the Company's achievement against its diversity objectives, including the representation of women at all levels of the organization.

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