
CHARTER OF THE BOARD OF DIRECTORS

This Charter (the “**Board Charter**”) sets forth the composition, authority and functions of the Board of Directors (the “**Board**”) of Xurpas Inc. (the “**Corporation**”).

PURPOSES

The Board is the supreme authority in matters involving the management of affairs of the Corporation. This Board Charter sets forth the guidelines to the Board’s fulfillment of its duties and responsibilities as it strives to achieve the Corporation’s strategic objectives, create value for all its stakeholders, and sustain its long-term viability in keeping with its strengthened commitment to the governance principles of transparency, accountability, fairness, and integrity. Under this general objective, all doubts or questions which may arise from the interpretation of the Board Charter shall be interpreted and/or resolved in favor of the promotion of transparency, accountability, fairness and integrity to the stockholders and investors of the Corporation.

ARTICLE I – MEMBERSHIP

1.1 Composition

The Board shall have eight (8) directors.¹ At least three (3) members of the Board, or such number as to constitute at least one-third (1/3) of the members of the Board, shall be Independent Directors.²

1.2 Qualifications of the Members of the Board

A member of the Board must possess the following qualifications:

- 1.2.1 Ownership of at least one (1) share of the capital stock of the Corporation;
- 1.2.2 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 formal education;
- 1.2.3 Relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organization; and
- 1.2.4 Possesses integrity, probity and shall be diligent and assiduous in the performance of his function.³

1.3 Qualifications of Independent Directors

An Independent Director shall mean a person who is (a) neither an officer or employee of the corporation, its parent or subsidiaries or any other individual having a relationship with

¹ Article VI, Articles of Incorporation of Xurpas Inc. (the “**Articles**”); Section 1.1, Article II, Manual on Corporate Governance, Xurpas Inc.

² Section 2, Article III, By-Laws of Xurpas Inc. (the “**By-Laws**”); Section 1.1, Article II, Manual on Corporate Governance of Xurpas Inc. (the “**Manual**”).

³ Section 1.4, Manual.

the corporation, (b) apart from his fees and shareholdings, is independent of management and free from any business or other relationship that could, or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and (c) meets all the independence criteria enumerated in the corporation's Manual on Corporate Governance (the "**Manual**") and such other criteria provided under applicable laws, rules or regulations or determined by the Board.⁴

An Independent Director shall have the following minimum qualifications and such additional qualifications provided under the Corporation Code, Securities Regulations Code, the Code of Corporate Governance issued by the Securities and Exchange Commission, and other relevant laws, rules and regulations in effect at the relevant time:

- 1.3.1 He shall have at least one (1) share of stock of the Corporation;
- 1.3.2 He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years; and
- 1.3.3 He shall possess integrity and probity.⁵

Each Independent Director 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 Corporation, but may continue to qualify for nomination and election as a non-independent director.⁶ In the event that the Corporation intends to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual stockholders' meeting.⁷

An independent director includes, among others, one who:

- a. Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;
- b. Is not, and has not been in the three (3) years immediately preceding the election, a director of the Corporation; a director, officer, or employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
- c. Has not been appointed in the Corporation, 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 three (3) years immediately preceding his election;
- d. Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates, related companies or any of its substantial shareholders. If the beneficial security ownership of an independent director in the Corporation or in its related companies exceeds two percent (2%), he shall temporarily cease be an independent director until his beneficial security ownership is reduced to two percent (2%) or lower;
- e. Is not a relative of a director, officer, or substantial shareholder of the Corporation, or any of its related companies or of any of its substantial shareholders. For this purpose, the term "relative" includes the spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

⁴ *Supra* Note 2.

⁵ Section 2, Article III, By-Laws.

⁶ Section 1.7, Article II, Manual.

⁷ *Supra* Note 5.

- f. Is not acting as a nominee or representative of any director, officer, executive or substantial shareholder of the Corporation, or any of its related companies or any of its substantial shareholders;
- g. Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election; or
- i. Does not engage or has not 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 the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm’s length and could not materially interfere with or influence the exercise of his independent judgment;
- j. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
- k. Is not employed as an executive officer of another Corporation where any of the Corporation’s executives serve as directors.

When used in relation to the foregoing paragraphs, “related company” means another corporation that is: (a) the Corporation’s holding/parent company, (b) its subsidiaries, and (c) subsidiaries of its holding/parent company; and “substantial shareholder” means any other person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

1.4 Disqualifications of the Members of the Board

Permanent Disqualification

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

- a. No person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business that 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:
 - i. 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 shares of, any corporation (other than the one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least two-thirds (2/3) vote, determines to be competitive or antagonistic to that of the Corporation; or
 - ii. If he is an officer, manager or controlling person of, or the owner (either of record 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 two-thirds (2/3) votes, the law against

combination in restraint of trade shall be violated by such person's membership in the Board; or

- iii. If the Board, in the exercise of its judgment in good faith, determines by at least two-thirds (2/3) vote that he is the nominee of any person set forth in items (i) and (ii) above.
- b. 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 similar fraudulent acts of transgression;
- c. Any person convicted by final 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 election or appointment as Director;
- d. Any person judicially declared to be insolvent;
- e. Any person who has been convicted by final judgment or order by a competent judicial or administrative body of the following:
 - i. Any crime involving the purchase or sale of securities, as defined in the Securities Regulation Code;
 - ii. Any crime arising 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. Any crime arising out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- f. Any person who, by reason of any misconduct, after hearing or trial, is permanently enjoined by final judgment or order of the Commission, 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 a floor broker;
 - ii. Acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company;
 - iii. Engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (i) and ((ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply when i) such person is subject of an effective order of the Commission, BSP or any court or other administrative body denying, revoking, or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or BSP under any rule or regulation issued by the Commission or BSP; or 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 from membership, participation or association with a member or participant of the organization;

- g. 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 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 of administered by the Commission or BSP;
- h. Any person found guilty by final judgment or order of a foreign court or financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the preceding clause.
- i. Any person who has previously committed patently unlawful acts and other acts deemed inimical to the reputation and interest of the Corporation, its subsidiaries or affiliates;
- j. Any person who has committed acts causing undue injury to the Corporation, its subsidiaries or affiliates, or committed acts causing injury to another corporation while acting as an officer or director;
- k. Any person who previously committed gross negligence or bad faith in directing the affairs of another corporation where he served as an officer or director;
- l. In case of independent directors:
 - i. When he becomes an officer, employee or consultant of the Corporation; and
 - ii. The additional grounds for disqualification under Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code;
- m. Any person who is disqualified by such other grounds for disqualification of directors as may be provided by law and applicable regulations, including those provided for under the Corporation Code, Securities Regulation Code, as well as those that may be approved by the Board; or
- n. Other grounds as the Commission may provide.

Temporary Disqualification

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 Regulation. This disqualification shall be in effect as long as his refusal persists;
- b. Absence or non-participation for whatever reason in more than fifty percent (50%) of all meetings, both regular and special, of the Board, during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness,

death in the immediate family or serious accident. This disqualification applies for purposes of the next succeeding election;

- c. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- d. Being under preventive suspension by the Corporation for any reason;
- e. If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two per cent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- f. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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 reason, the disqualification shall become permanent.

1.5 Nomination

The Nomination Committee, by majority vote, shall pass upon the qualification of the nominee to the Board. It may also, in the exercise of its discretion and by majority vote of its members, disqualify a nominated shareholder who, in the Nomination Committee's judgment, represents an interest adverse to or in conflict with those of the Corporation. No nomination shall be allowed or entertained on the floor during the Annual Stockholders' Meeting.

The Nomination Committee shall be composed of at least three (3) members including one (1) independent director. The Committee shall have the following functions:

- 1.5.1 Determine the nomination and election process for the Corporation's directors, define the general profile of board members that the Corporation may need, and ensure appropriate knowledge, competencies and expertise that complement the existing skill of the Board;
- 1.5.2 Encourage the selection of competent directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies;
- 1.5.3 Review and evaluate the qualifications of all persons nominated to positions in the Corporation, which require appointment by the Board; and

1.5.4 Perform such other duties and responsibilities that may be delegated to the Committee by the Board from time to time.

1.6 Election

The Board shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

1.7 Vacancy

Any vacancy occurring in the Board other than by removal by stockholders or by expiration of term may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders called for the purposes, after giving notice as prescribed in the by-laws.

ARTICLE II – STRUCTURE

2.1 General Responsibilities of the Board

2.1.1 Each member of the Board shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and its shareholders.

2.1.2 A director's office is one of trust and confidence. He should act in the best interest of the Corporation 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.

2.1.3 Compliance with the principles of good governance shall start with the Board. 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 interest of its stockholders and other stakeholders.

2.1.4 To ensure good governance of the Corporation, the Board should formulate the Corporation's vision, mission, objectives, strategies, policies and procedures that shall guide its activities and accordingly monitor the implementation of the same.

2.1.5 Consistent with a director's three-fold duty of obedience, diligence and loyalty to the Corporation, a director shall:

- i. Act within the scope of power and authority of the Corporation and the Board, as prescribed in the Corporation's Articles of Incorporation, By-Laws and in existing laws, rules and regulations;

- ii. Exercise their best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Corporation; and
- iii. Act in the best interest of the Corporation and for the common benefit of the Corporation's stockholders and other stakeholders.

2.2 Specific Responsibilities of the Board

To ensure a high standard of best practice on governance for the Corporation and to promote and protect the interest of the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- 2.2.1 Install a process of selection to ensure a mix of competent Directors and Officers each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and adopt an effective succession planning program for the Board and Management;
- 2.2.2 Elect the Chief Executive Officer, President, other officers that comprise the management team. The Board has the responsibility of monitoring and assessing the performance of the Corporation's Management;
- 2.2.3 Adopt a professional development program for Officers and succession planning for Corporate Executives;
- 2.2.4 Determine or validate the Corporation's purpose, its vision, mission and strategies to carry out its objectives;
- 2.2.5 Adopt a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and, which should allow for a feedback mechanism from the stockholders;
- 2.2.6 Conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.
- 2.2.7 Adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings;
- 2.2.8 Ensure proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies;
- 2.2.9 Ensure that the Corporation complies with all relevant laws, rules and regulations, and codes of best business practices;
- 2.2.10 Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them through an effective investor relations program;

- 2.2.11 Adopt a system of internal checks and balances and regularly evaluate the applicability thereof under changing conditions;
- 2.2.12 Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- 2.2.13 Ensure the continuing soundness, effectiveness and adequacy of the Corporation's internal control environment;
- 2.2.14 Properly discharge the functions of the Board by meeting regularly and give due consideration to the independent views during Board meetings, which meetings should be duly recorded in the minutes;
- 2.2.15 Keep the authority of the Board within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws, and in existing rules and regulations;
- 2.2.16 Approve items that are reserved for Board approval, such as, but not limited to:
 - 2.2.16.1 Annual Reports and Financial Statements
 - 2.2.16.2 Dividends
 - 2.2.16.3 Financial Policies
 - 2.2.16.4 Budget
 - 2.2.16.5 Retirement Plan
 - 2.2.16.6 Safety/Asset Integrity Matters
- 2.2.17 Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- 2.2.18 Provide sound strategic policies and guidelines on key capital expenditures; establish programs that can sustain its long-term viability and strength; and periodically evaluate and monitor the implementation of such policies and strategies, including business plans, operating budgets and Management's overall performance;
- 2.2.19 Ensure that the Corporation complies with all relevant laws, regulation, and as far as possible, best business practices;
- 2.2.20 Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parent, and that of interlocking relationships by members of the Board;
- 2.2.21 Establish rules for an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities;
- 2.2.22 Oversee that there is an appropriate internal control system in place within the Corporation, including the setting up of a mechanism for monitoring and

managing potential conflicts of interest of Management, Board and Stockholders. The Board shall also approve the Internal Audit Charter;

- 2.2.23 Oversee that there is a sound enterprise risk management framework implemented to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- 2.2.24 Appoint a Compliance Officer who shall have a rank of at least Vice-President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer; and
- 2.2.25 Perform such other functions that may be required under existing laws, issuances and regulations.

2.3 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 have the following functions:

- 2.3.1 Conduct business transactions with the Corporation fairly, ensuring that personal interest does not affect his and the Board's independent judgment;
- 2.3.2 Devote time and attention necessary to properly discharge his duties and responsibilities. A director should attend and actively participate in Board meetings;
- 2.3.3 Act judiciously on matters brought before the Board, thoroughly evaluating the issues involved, asking questions and seeking clarifications as appropriate, before making any decision;
- 2.3.4 Exercise independent judgment. A director should review each problem or situation objectively and support plans and ideas that he believes are beneficial to the Corporation;
- 2.3.5 Possess a working knowledge of the statutory and regulatory requirements affecting the Corporation. This includes a firm knowledge of the Corporation's Articles of Incorporation, By-Laws, the requirements of the PSE and the SEC for the conduct of the Corporation's business, and where applicable, the requirements of the other regulatory agencies that have jurisdiction over the Corporation;
- 2.3.6 Observe confidentiality on non-public information acquired by reason of his position as a Director. He should not disclose any information to any other person without authority of the Board;
- 2.3.7 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;

- 2.3.8 Prior to assuming office, attend an orientation program/seminar on corporation governance for first-time directors and the relevant annual continuing training for all directors, which shall be conducted by a recognized private or government institution, unless such director has already attended similar training. If necessary, the Corporation shall allocate funds for this purpose.

2.4 General Responsibilities of Management

Management decides on 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 establishes the infrastructure for the Corporation's success by establishing the following mechanisms in its organization: i) legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation; ii) 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 is also obliged to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner.

2.5 Executive Officers of the Corporation

2.5.1 Composition

The Executive Officers of the Corporation are the Chairman, the President, Chief Executive Officer, Treasurer, Chief Finance Officer, and the Corporate Secretary, and such other officers which the Board may determine. The Board shall appoint the Executive Officers. In addition:

- 2.5.1.1 The Board may appoint a Council or Board of Advisors composed of persons of integrity and reputation and who have distinguished themselves in the areas of business, industry, government and law;
- 2.5.1.2 The roles of the Chairman and Chief Executive Officer may be separable to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Corporation shall disclose the relationship between the Chairman and the Chief Executive Officer, if any, in its annual report to the Commission; and
- 2.5.1.3 In cases where the Chairman is not independent and where the roles of the Chairman and the Chief Executive Officer are held by one person, the Board shall designate a lead director among the independent directors.

2.5.2 Chairman of the Board

The Board shall be headed by a competent and qualified Chairman.

The Chairman of the Board shall, when present, preside at all meetings of the Board and shall advise and counsel the President. He shall have the following duties and responsibilities:

- 2.5.2.1 Ensure that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- 2.5.2.2 Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- 2.5.2.3 Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- 2.5.2.4 Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- 2.5.2.5 Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
- 2.5.2.6 Ensure that performance of the Board is evaluated at least once a year and discussed/ followed up on; and
- 2.5.2.7 The Chairman shall have such other responsibilities as the Board may impose upon him.

2.5.3 Vice-Chairman

In the absence of the Chairman of the Board, the Vice-Chairman shall preside at meetings of the Board.

2.5.4 President

The President shall have the following duties and responsibilities:

- 2.5.4.1 See that all orders and resolutions of the Board are carried into effect;
- 2.5.4.2 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;
- 2.5.4.3 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; and
- 2.5.4.4 The President shall have such other responsibilities as the Board may impose upon him.

2.5.5 Chief Executive Officer

Minimum internal control mechanisms for Management's operational responsibility shall center on The Chief Executive Officer, being ultimately accountable for the Corporation's organizational and procedural controls. The Chief Executive Officer has the following roles and responsibilities:

- 2.5.5.1 Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;
- 2.5.5.2 Communicate and implement the Corporation's vision, mission, values and overall strategy, and promote any organization or stakeholder change in relation to the same;
- 2.5.5.3 Oversee the operations of the Corporation's industry and market and keep up-to-date with its core business purpose;
- 2.5.5.4 Direct, evaluate, and guide the work of the key officers of the Corporation;
- 2.5.5.5 Supervise the business, affairs, and properties of the Corporation; and its employees and officers;
- 2.5.5.6 Manage the Corporation's resources prudently and ensure a proper balance of the same;
- 2.5.5.7 Provide the Board with timely information and interface between the Board and the employees;
- 2.5.5.8 Build the corporate culture and motivate the employees of the Corporation;
- 2.5.5.9 Serve as the link between internal operations and external stakeholders; and
- 2.5.5.10 The Chief Executive Officer shall have such other responsibilities as the Board may impose upon him.

2.5.6 Lead Director

The Lead Director has sufficient authority to lead the Board in cases where Management has clear conflicts of interest. He shall have the following functions:

- 2.5.6.1 Serve as an intermediary between the Chairman and the other directors, when necessary;
- 2.5.6.2 Convene and chairs meetings of the non-executive directors;
- 2.5.6.3 Contribute to the performance of evaluation of the Chairman, as required; and

2.5.6.4 Serve as Chairman of the periodic meetings between and among the non-executive directors, 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.

2.5.7 The Treasurer

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

- 2.5.7.1 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;
- 2.5.7.2 Render an account to the President at least every quarter of the condition of the Corporation's funds and of all his transactions as the Treasurer;
- 2.5.7.3 Ensure that funds are available on a timely basis;
- 2.5.7.4 Optimize yields in temporary excess funds;
- 2.5.7.5 Provide relevant and timely capital market information;
- 2.5.7.6 Ensure appropriate coverage and management of risk to resources; and
- 2.5.7.7 The Treasurer shall have such other responsibilities as the Board may impose upon him.

2.5.8 The Chief Finance Officer (CFO)

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

- 2.5.8.1 Provide Management with accurate, relevant, 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;
- 2.5.8.2 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;
- 2.5.8.3 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;

2.5.8.4 Strengthen internal controls by monitoring compliance with policies; recommend to Management appropriate actions and charges in systems and procedures as necessitated by circumstances; and

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

2.5.9 The Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines. He is expected to work fairly and objectively with the Board, Management, the stockholders and other stakeholders. He should be a separate individual from the Compliance Officer and should not be a member of the Board. He must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. He must also have financial and accounting knowledge. The Corporate Secretary performs the following functions:

2.5.9.1 Serve as an adviser to the directors on their responsibilities and obligations;

2.5.9.2 Assist the Board, the board committees, and stockholders in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board, its committees, and the stockholders to set agendas for those meetings;

2.5.9.3 Be fully informed and be part of the scheduling process of other activities of the Board;

2.5.9.4 Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

2.5.9.5 Attend all Board meetings, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;

2.5.9.6 Keep custody and preserve the integrity of the minutes of the meetings of the Board, its committees and the stockholders, as well as other official records of the Corporation in a book kept for that purpose; furnish copies thereof to the Chairman, the President and other members of the Board, when appropriate;

2.5.9.7 Oversee the adequate flow of information to the Board prior to meetings;

2.5.9.8 Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advise the Board and the Chairman on all relevant issues as they arise;

- 2.5.9.9 Work fairly and objectively with the Board, management and stockholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- 2.5.9.10 Advise on the establishment of board committees and their terms of reference;
- 2.5.9.11 Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- 2.5.9.12 Takes charge of the stock certificate book and such other books and papers as the Board may direct, unless the Corporation has appointed a Stock Transfer Agent;
- 2.5.9.13 Perform required administrative functions;
- 2.5.9.14 Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements;
- 2.5.9.15 Assist the Chief Compliance Officer in the fulfillment of disclosure requirements to the Commission and the Philippine Stock Exchange, if applicable;
- 2.5.9.16 Perform such other duties and responsibilities as may be provided by the Commission and
- 2.5.9.17 Corporate Secretary shall have such other responsibilities as the Board may impose upon him. He shall annually attend a training on corporate governance.

The Board shall have separate and independent access to the Corporate Secretary.

2.6 Committees

To aid in ensuring the compliance with the principles of sound corporate governance and in accordance with the Corporation's By-Laws, the Board may create such committees as it may deem necessary to support it in the effective performance of its functions and to aid in good governance. As a minimum, however, the Board shall be supported by the following committees:

- 2.6.1 Executive Committee
- 2.6.2 Audit Committee
- 2.6.3 Nomination Committee
- 2.6.4 Corporate Governance Committee
- 2.6.5 Board Risk Oversight Committee
- 2.6.6 Related Party Transactions Committee
- 2.6.7 Personnel and Compensation Committee

The Board, however, may create and constitute such other committees, as it may deem necessary. Any such newly constituted committee shall have such authority and

responsibilities and shall perform such duties as the Board may prescribe. If any of the above-listed committees are not established, the functions of these committees may be carried out by the whole board or by any other committee.

The Committees shall likewise report to the Board in such manner as the Board may require.

2.2 Charter Requirement

Each Board Committee shall have a separate Charter, which shall define and govern, among other matters, the objectives, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, standards for evaluating the performance of the Committee, and procedure for escalation to the Board of decisions of such Board Committee as provided in the Manual and the Corporation's Articles of Incorporation and By-Laws. The Charters shall be fully disclosed on the Corporation's website.

The Board shall approve the respective Charters of the Board Committees, which can only be amended, altered or varied through a Board action approving such amendment, alteration or variation.

Each Board Committee shall report or submit to the Board a summary of the actions taken by such Committee pursuant to the terms of their respective charters.

2.3 General Duties and Functions of the Committees

The general duties and functions of different Committees are set forth as a general guide in their respective operations, without prejudice to the promulgation of specific duties and internal committee protocols in their respective Charters duly-approved by the Board.

ARTICLE III – OPERATION

3.1 Board Meetings

3.1.1 Notice

Notice of the regular or special meeting of the Board, specifying the date, time, and place of the meeting, shall be communicated by the Corporate Secretary at least five (5) business days before the date of the meeting by delivery, fax, electronic mail or short messaging system (SMS) to each director or by other means of written or printed communication generally accepted and used by the business community as at present available through or as may be made available through technical advances or innovations in the future.

The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the specific purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.1.2 Attendance

Members of the Board should attend regular and special meetings of the Board in person, via teleconference, videoconference or by any other technological means allowed by the Commission.

3.1.3 Quorum

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

3.1.4 Conduct of the Meetings

Meetings of the Board shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Corporate Secretary shall act as secretary of every meeting, and if absent, the Chairman of the meeting shall appoint a secretary of the meeting.

3.2 Orientation and Continuing Education Programs

3.2.1 The Corporation shall provide a comprehensive 8-hour orientation program for new directors and an annual 4-hour continuing training for existing directors, unless:

3.2.1.1 The new director has already previously attended a similar training;

3.2.1.2 The existing director has already attended a similar training for the calendar year, or has committed to attend a similar training on a different date within the calendar year.

3.2.2 The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation and Code of Conduct.

3.2.3 The annual continuing training program, on the other hand, ensures that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation, and audit, internal controls, risk management, sustainability and strategy.

ARTICLE IV – OTHER RELEVANT INFORMATION

4.1 Performance and Assessment

The Board shall conduct an annual self-assessment exercise of the performance of the Board, Management, Committees and themselves.

The self-assessment shall be done by answering a series of questions to evaluate the knowledge on and effectiveness of their corporate governance, assess the performance of the Management, analyze strengths and identify areas of improvement, and focus on priorities for the Board and the Corporation for the upcoming year.

This assessment is comprised of appraisal of the Board, of the Management, of different Committees, and of individual directors. The self-assessment shall focus on effectiveness and efficiency of the Board, Management and the Committees, with an emphasis on the role or participation of each director in the performance of the Board, Management and Committees.

The exercise shall instill accountability and is aimed at improving individual and collective efforts.

This performance assessment results shall be discussed in an executive session in order to provide an avenue for development.

Attached herewith as Annex “A” is the Corporation’s Board Performance Assessment form.

4.2 Board Independence and Conflict of Interest

A conflict of interest exists when a director or an officer of the Corporation:

- 4.2.1 Supplies or attempts to supply goods or services to the Corporation;
- 4.2.2 Supplies or attempts to supply goods, services or information to an entity that competes with the Corporation;
- 4.2.3 By virtue of his office, acquires or attempts to acquire for himself a business opportunity that should belong to the Corporation;
- 4.2.4 Is offered or receives consideration for delivering the Corporation’s business to a third party; or
- 4.2.5 Is engaged or attempts to engage in a business or activity which competes with or works contrary to the best interests of the Corporation.

Any actual or potential conflict of interest, which arises on the part of a director, should be fully disclosed and the concerned director should not participate in the deliberation and voting on the action to be taken to address the conflict. A director who has a continuing conflict of interest of a 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:

- a. 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;
- b. The vote of such director was not necessary for the approval of the contract;
- c. The contract is fair and reasonable under the circumstances; and
- d. In case of an officer, the contract has been previously approved by the Board.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with the director, such contract shall 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.

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.

The foregoing is without prejudice to the Corporation's existing Rules or Code of Conduct for its officers, employees and staff.

Conflicts of Interest can be actual, perceived, or potential:

- a. An **actual** conflict involves a direct conflict between an employee's duties and responsibilities to the Corporation and a competing interest or obligation, whether personal or involving a third party.
- b. A **perceived** conflict exists where it could reasonably be perceived, or give the appearance, that a competing interest could improperly influence the performance of a employee's duties and responsibilities to the Corporation.
- c. A **potential** conflict arises where an employee has an interest or obligation, whether personal or involving a third party, that could conflict with the employee's duties and responsibilities to the Corporation.

Merely declaring a Conflict of Interest does not mean that the staff member can then continue to lead, perform duties or carry out responsibilities in relation to or associated with, the matter in question without taking further action. Once declared, the Conflict needs to be managed in accordance with the Conflict of Interest Policy.

See Conflict of Interest Disclosure form provided in the **Corporation's Conflict of Interest Policies**.

4.3 Remuneration and Liability Insurance Coverage of Directors

By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten per cent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and appropriated among the directors in such manner as the Board may deem proper, subject to the approval stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The Board shall determine a level of remuneration for Directors that shall be sufficient to attract and retain directors and compensate them to attend the meetings of the Board and Board Committees, and perform the responsibilities and assume certain risks as a Board member. The compensation may be in the form of cash remuneration and/or stock option plans. The Board may provide that only non-executive directors shall be entitled to such compensation.

From the effective date of the, no director shall be involved in deciding his own remuneration during his incumbent term.

The Corporation, to ensure effectiveness of holding directors accountable and to attract competent persons as directors, may purchase at its own expense liability insurance coverage for its directors.

ARTICLE V – RESOURCES

5.1 Access to Information

The Board shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Corporation.

5.2 Technical Assistance

The Corporate Secretary, Management, and personnel of the Corporation shall provide such necessary technical assistance and support to the Board.

5.3 Records

The Corporate Secretary shall be in custody of the records of the Board. Any document held, action taken, or matter discussed by the Board, except for information required to be disclosed pursuant to laws, rules or regulations by relevant government authorities, are understood to be absolutely confidential in nature.

5.4 Annual Review of the Charter

This Charter shall be reviewed by the Board annually.

ARTICLE VI – EFFECTIVITY

This Charter has been approved and adopted by the Board of the Corporation on May 28, 2018.

Annex A

BOARD PERFORMANCE ASSESSMENT

The Corporation acknowledges its duty in sustaining good corporate governance as it achieves its objectives. It likewise recognizes the role of the management in setting an example of good corporate practices and ethical management in the pursuit of its purposes.

Kindly accomplish this form by checking the item that corresponds to your answer. Each item represents the following:

- E – Excellent
- G – Good
- VS – Very Satisfactory
- S – Satisfactory
- NI – Needs Improvement

Name: _____

Date: _____

Subject Period: _____

Part 1 BOARD APPRAISAL

1. The Board is perfectly sized, conveniently diverse and composed of individuals who possess the requisite knowledge, abilities, skills, and experience.

E G VS S NI

Comments:

2. As a body, the Board possesses the competence and background for the current issues the Corporation faces.

E G VS S NI

Comments:

3. The diversity and independence of the members comprising the Board allow it to make an informed and balanced decision in which the members constructively challenge one another and the management in carrying out respective functions and duties aligned with the

E G VS S NI

Comments:

Corporation's strategic directions.

4. The Board receives ongoing training and development, allowing the directors to stay up to date with developments in the industry and in governance, and to understand the impact of their actions.

E G VS S NI

Comments:

5. The frequency, duration and scheduling of Board meetings for the subject year had been adequate to ensure that the members of the Board are able to discharge of their functions properly and in a timely manner.

E G VS S NI

Comments:

6. The members of the Board receive due notice of the date, time, place and agenda before the Board meeting.

E G VS S NI

Comments:

7. The members of the Board receive adequate materials before the Board meeting.

E G VS S NI

Comments:

8. Meetings are effective with sufficient materials, brief but concise presentation, and an atmosphere that encourages free discussion or expression of dissent.

E G VS S NI

Comments:

9. The Board conducts closed door executive or private sessions to allow directors to discuss sensitive or confidential subjects.

E G VS S NI

Comments:

10. The Board receives timely and appropriate information on industry trends, news, issues, and the

E G VS S NI

Comments:

business environment to substantively and sufficiently apprise it in deciding on the management's proposed plan or strategy.

11. The Board evaluates the proposed plan or strategy based on different key assumptions, strengths, weaknesses, opportunities, risks, threats, and resources, and addresses critical issues.

() E () G () VS () S () NI

Comments:

12. The Board constructively debates the necessity, benefits and practicality of the proposed plan or strategy before approving the same.

() E () G () VS () S () NI

Comments:

13. The Board monitors the progress, viability and results of the approved plan or strategy ensuring that proper adjustments and appropriate and conservative allowances are set up to respond to the evolving environment.

() E () G () VS () S () NI

Comments:

14. The Board reviews the necessity and practicality of major capital expenditures before approval and evaluates potential outcomes and consequences under different scenarios.

() E () G () VS () S () NI

Comments:

15. Directors clearly exhibit ethical values and good corporate governance practices which set the organization's moral, and ethical guide in achieving its purposes and goals.

() E () G () VS () S () NI

Comments:

16. The Board reviews the Corporation's By-laws and Manual on Corporate

() E () G () VS () S () NI

Comments:

Governance, and approves changes thereto.

17. The Board regularly reviews the Corporation's vision, mission and value statements to ensure continued relevance and applicability thereof, and approves changes thereto.

E G VS S NI

Comments:

18. The Board is committed to good corporate governance and the Corporation is operated in a moral, legal, and ethical manner.

E G VS S NI

Comments:

19. The Board considers the interest of minority shareholders to ensure equitable representation and treatment in the decision-making process.

E G VS S NI

Comments:

20. The Board regularly reviews and monitors the Corporation's internal control system in place and ensures that the same is sound and effective, and understands Management's role in implementing such system.

E G VS S NI

Comments:

21. There are is a sound and effective system in place for related party transactions, which a dedicated Committee effectively monitors and implements.

E G VS S NI

Comments:

22. The roles and responsibilities of the Chairman and CEO are clear in the Corporation's structure.

E G VS S NI

Comments:

Part 2
BOARD AND MANAGEMENT APPRAISAL

1. The Board has confidence in the Management's effectiveness in implementing approved strategies, goals and targets.

E G VS S NI

Comments:

2. The Board trusts that it will discharge of its responsibilities with the best interest of the Corporation in mind.

E G VS S NI

Comments:

3. Management has a clear and effective procedure to assess the strengths, weaknesses, opportunities, risks, and consequences of plans or strategies.

E G VS S NI

Comments:

4. The Management provides timely information to the Board on key risks encountered.

E G VS S NI

Comments:

5. The Board is confident that the Management is able to address risks effectively.

E G VS S NI

Comments:

6. The Board effectively and constructively challenges the Management.

E G VS S NI

Comments:

7. The Board is effective in implementing the Corporation's plans or strategies.

E G VS S NI

Comments:

8. The Board allocates time and effort in meeting the Corporation's executives.

E G VS S NI

Comments:

9. The Board ensures that communication between the directors and key executives remains open, constructive and efficient.

E G VS S NI

Comments:

10. The Board keeps track of the Management's performance, and measures effectiveness against set measurable standards, providing feedback when necessary.

E G VS S NI

Comments:

11. The Board emphasizes the key role of the Management in setting the Corporation's direction as guided by good corporate governance practices and ethical values.

E G VS S NI

Comments:

Part 3
COMMITTEE APPRAISAL

1. The Board has an organized and effective committee structure.

E G VS S NI

Comments:

2. The Board has properly delegated its powers to the Committees, and such delegation is properly reflected in their committee charters.

E G VS S NI

Comments:

3. The frequency with which each Committee meets is sufficient for the purpose, and allows the members thereof to discharge of their functions appropriately.

E G VS S NI

Comments:

4. The Committees regularly provide a report to the Board and such report timely apprises the Board of recent developments. Such other matters that may require the Board's immediate attention or action are also brought to the Board's attention within a reasonable period.

E G VS S NI

Comments:

Part 4
INDIVIDUAL DIRECTOR APPRAISAL

1. I understand the vision, mission, and value statements of the Corporation. E G VS S NI

Comments: _____

2. I faithfully uphold the vision, mission and value statements of the Corporation. E G VS S NI

Comments: _____

3. I attend corporate governance trainings, and keep myself abreast of the best practices in corporate governance. E G VS S NI

Comments: _____

4. I make sure that I abide by the best practices in corporate governance. E G VS S NI

Comments: _____

5. I share updates on the latest corporate governance practices with the Board. E G VS S NI

Comments: _____

6. I avoid situations where I may be placed in a conflict of interest situation with the Corporation, and I promptly disclose any conflict which may occur in accordance with the Corporation's Conflict of Interest Policy. E G VS S NI

Comments: _____

7. I have a good Board and Committee meeting attendance, and make sure that I am present in any meeting except when unavoidable circumstances arise. E G VS S NI

Comments: _____

8. I come to Board and Committee meetings on time

Comments: _____

and knowledgeable about the topics for discussion in the Corporation. E G VS S NI _____

9. I actively participate in Board and Committee discussions with reason and objectivity. E G VS S NI **Comments:**

10. I have read all policies and procedures the Board is subjected to, including but not limited to the By-Laws, Manual on Corporate Governance, and the Board Charter, and adopt these in the exercise of my functions as a member of the Board. E G VS S NI **Comments:**

11. I am committed to accomplish the duties and responsibilities of a director, and perform my duties in accordance with the best interest of the Corporation, with good corporate governance practices as my general guiding principle. E G VS S NI **Comments:**

The Board should focus on the following objectives in _____:

1. _____
2. _____
3. _____
4. _____
5. _____

The Board may improve as a body by taking the following steps:

1. _____
2. _____
3. _____
4. _____
5. _____

Assessed by:

Signature over Printed Name of Director