

CHARTER OF BOARD OF DIRECTORS

I. Purpose

Compliance with the principles of good corporate governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

Board Composition

- The Board shall be composed of at least seven (7), but not more than fifteen (15) members who are elected by the stockholders.
- All companies covered by this Code shall have at least two (2) independent directors or such number of independent directors that constitute twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).
- The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decisionmaking process.
- The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. The Board is responsible for fostering the long term success of the corporation, and in sustaining the competitiveness and profitability thereof in a manner consistent with its corporate objectives and the best interest of its stockholders.

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

Specific Duties and Functions

To insure a high standard of best practices for the Corporation and its stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent directors and officers, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
- Appoint competent, professional, honest, highly motivated management officers.
- Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
- Adopt an effective succession planning program for management.
- Periodically evaluate and monitor the implementation of the Corporation's policies and strategies, including the business plans, operating budgets and Management's overall performance.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- Provide sound strategic policies and guidelines to the corporation on major capital expenditures.
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- Adopt a system of internal checks and balances;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due;
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions;

- Establish as may be permitted by law and as may be practicable, 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.

Qualifications

- Holder of at least one (1) share of stock of the Corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Permanent Disqualifications

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

- Any person who has been restrained to engage in any activity involving securities and banking;

- Any person who is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;

- Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

- Any person judicially declared to be insolvent;

- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and

- Conviction 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 of his election or appointment.

The following shall be a ground for the temporary disqualification of a director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation case, the capacity of directors to serve with diligence shall not be compromised.

Board Meetings and Quorum Requirement

Independent Directors should always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the

quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

The Corporation shall submit to the Commission, on or before the 30th day of January of each year, a sworn Certification about the directors' record of attendance in board meetings for the previous year.

Remuneration of Directors and Officers

The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

II. Norms of Conduct of a Director

A director shall at all times –

- Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interest of the corporation.
- Devote time and attention necessary to properly and effectively perform his duties and responsibilities.
- Act judiciously, exercise independent judgment and observe confidentiality
- Have a working knowledge of or engage counsel to advise him of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation, by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

Accountability and Audit

- The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensive assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law;
- If the external auditor resigns, is dismissed or ceases to perform his services, the reasons for the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall

include a discussion of any disagreement between him and the corporation on accounting principles and practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before his submission. If the external auditor believes that any statement made in an annual report, information statement, or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said report.

III. The Chair and Chief Executive Officer

The roles of Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.

A clear delineation of functions should be made between the Chair and CEO upon their election.

If the positions of Chair and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

IV. Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

Audit Committee

The audit committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

Functions of the Audit Committee:

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the corporation. This

function includes regular receipt from Management of information on risk exposures and risk management activities;

- Perform oversight functions over its internal and external auditors. It ensures that the internal and external auditors act independently from each other, and that both are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Review the annual internal audit plan to ensure its conformity with the objective of the corporation. This plan includes audit scope, resources and budget necessary to implement it;
- Prior to commencement of audit, discuss with the external auditor the nature, scope and expenses of audit, and ensure proper coordination. If more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Organize, if practicable or necessary, an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - (i) any change in accounting policies and practices
 - (ii) major judgmental areas
 - (iii) significant adjustments resulting from the audit
 - (iv) going concern assumptions
 - (v) compliance with accounting standards
 - (v) compliance with tax, legal and regulatory requirements
- Coordinate, monitor and facilitate compliance with laws, rules and regulations that are applicable to financial matters;
- Evaluate and determine the non-audit work, if any, or the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses;

- The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee;
- The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;
- For Philippine branches or subsidiaries of foreign corporations covered by this Code, the Internal Auditor is preferably independent of the Philippine operations and reports to the regional or corporate headquarters.
- Under its supervision, the formulation of rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - (a) The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
 - (b) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained;
 - (c) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of control that cover the corporation's governance, operations and information systems, including reliability and integrity of financial and operational information effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.
 - (d) The corporation should consistently comply with the financial reporting requirements of the Commission;
 - (e) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The annual report should include significant risk exposures, control issues and such other matters as may be deemed necessary or requested by the Board and Management.

V. The Corporate Secretary

The Corporate Secretary is an officer of the company and perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

The Corporate Secretary shall be a Filipino citizen. He shall:

- Work fairly and objectively with the Board, Management and stockholders;
- Have appropriate administrative and interpersonal skills;
- Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Understand the operations of the Corporation;
- Prepare the Agenda, Issue Notices of meetings in accordance with the By-Laws;
- Attend all Board meetings, except for justifiable causes;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- Perform all the duties and responsibilities of a Compliance Officer as provided for under the Code, if he is also the Compliance Officer;
- Issue a Certification on or before the 30th day of January of each year, on the attendance of directors in directors meetings of the board, countersigned by the Chairman of the Board pursuant to SEC Memorandum Circular No. 3, Series of 2007.