

LBC EXPRESS HOLDINGS, INC.
BOARD CHARTER

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

1.0 OBJECTIVE

The objective of this Board Charter is to establish a sound framework that clearly defines the qualifications, duties and responsibilities of Board members in relation to the proper discharge of their functions.

2.0 BOARD COMPOSITION

The Board shall be composed of nine (9) members, at least three (3) of whom are independent directors or such number of independent directors that constitutes at least one-third (1/3) of the members of the Board, whichever is higher, with a collective working knowledge, experience and expertise that is relevant to the Company's industry or sector. It is the Board's policy that it is diverse order to avoid groupthink and to ensure that optimal decision-making is achieved.

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 decision-making process.

The Board should be composed of a majority of non-executive directors who should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board, and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

2.1 Qualifications of a Director

- He/she shall be a holder of at least one (1) share of stock of the Company;
- He/she shall have attended a seminar on corporate governance conducted by a duly recognized private or government institute and submitted a copy of his/her certificate of attendance to the Compliance Officer;
- College graduate with a bachelor's degree (or equivalent academic degree following a four-year college education);
- At least twenty-one (21) years old;
- Practical understanding of the business of the Corporation;

- Membership in good standing in relevant industry, business or professional organizations;
- Previous business experience;
- Proven to possess integrity and probity;
- Assiduous; and
- In addition to the qualifications for membership in the Board required in the Corporation Code, Securities Regulation Code, and other relevant laws, the Board may provide for additional qualifications which may include membership in good standing in relevant industry, business or professional organizations.

2.2 Disqualifications of a Director

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

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) 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 (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them;
- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;
- The disqualification shall also apply if such person is currently the subject of an order of the SEC 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 SEC or the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or the BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order or a self-regulatory organization suspending or expelling him from membership, participation, or association with a member or participant of the organization;

- Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts;
- Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, inducted, or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or the BSP, or any of their respective rules, regulations, or orders;
- Any person earlier elected as independent director, who becomes an officer, employee, or consultant of the Corporation;
- Any person judicially declared as insolvent;
- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations, or misconduct similar to any of the acts, violations, or misconduct enumerated in sub-paragraphs (i) to (v) above;
- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- Other grounds as the SEC may provide.

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

- The Director is hostile or antagonistic to, or is engaged in any business which competes with or is antagonistic to that of, the Corporation or any of its subsidiaries or affiliates. Without limiting the generality of the foregoing, a person shall be antagonistic or deemed to be so:
 - (i) If he is, or he is an officer, manager, or controlling person of, or the owner or a member of his immediate family is the owner (either of record or 'beneficial owner) of 20% or more of any outstanding class of shares of any corporation (other than one in which this Corporation owns at least 30% of the capital stock) which is, hostile or antagonistic or is engaged in a business competitive or antagonistic to that of the Corporation or any of its subsidiaries or affiliates, both as determined by the Board, by at least two-thirds (2/3) vote;
 - (ii) If he is, or he is an officer, manager, or controlling person of, or the owner of or a member of his immediate family is the owner (either of record or beneficial owner) of 20% or more of any outstanding class of shares of any corporation (other

than in which this corporation owns at least 30% of the capital stock) which is, an adverse party in any suit, action or proceeding (of whatever nature, whether civil, criminal, administrative or judicial) by or against the Corporation or any of its subsidiaries or affiliates, which has been actually filed or threatened, imminent or probable to be filed, as determined by the Board by at least two-thirds (2/3) vote;

(iii) If the Board, in the exercise of its judgment in good faith, determined by at least two-thirds (2/3) vote that he is the nominee, officer, trustee, adviser, legal counsel, of any individual set forth in items (i) or (ii) above.

In determining whether or not a person is hostile or antagonistic to the Corporation, or is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors of business, family and Professional relationships.

- Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of the succeeding election;
- Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final;
- An independent director whose beneficial equity ownership in the Company or its subsidiaries, affiliates, associates or related companies exceeds two percent (2%) of the subscribed capital stock is temporarily disqualified from being a director of the Company, until his/her beneficial equity ownership reverts to the two percent (2%) limit;
- Having maintained an interest adverse to that of the corporation including the filing of complaint or case against the corporation before any court, tribunal, quasi-judicial agency or any administrative agency or instrumentality of the government where such complaint or case has been eventually dismissed. The temporary disqualification herein shall cover a period of two (2) years from such dismissal.

The temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he/she fails or refuses to do so

for unjustified reasons, the disqualification shall become permanent.

2.3 Term Limit

Members of the Board shall be elected during the Annual Stockholders' Meeting of the Company. Each member shall hold office for one (1) year and until his/her successor has been elected and has qualified or unless removed by the Board.

2.4 Remuneration

Members of the Board shall receive fair compensation as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year.

4. DUTIES AND RESPONSIBILITIES

4.1 General Responsibility of the Board of Directors

A director's office is one of trust and confidence. He/she shall act in a manner characterized by transparency, accountability and fairness. The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.

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

The Board must likewise oversee the development of and approve the Corporation's business objectives and strategy and monitor their implementation in order to sustain the Corporation's long-term viability and strength. The Board should formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

In addition to the above, the Board must likewise oversee the development of and approve the Corporation's business objectives and strategy and monitor their implementation in order to sustain the Corporation's long-term viability and strength.

4.2 Specific Duties and Functions of the Board of Directors

4.2.1 Duties and Functions

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- Implement a process for the selection of directors who can add value and contribute

independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest, and highly motivated management officers; adopt an effective succession planning program for Management;

- Provide sound strategic policies and guidelines to the Corporation on major capital expenditures; establish programs that can sustain its long-term viability and strength; periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets, and Management's overall performance;
- Ensure the Corporation's faithful compliance with all applicable laws, regulations, and best business practices;
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporation's President or Chief Financial Officer shall exercise oversight responsibility over this program;
- Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare from possible threats to its operational and financial viability;
- Formulate and implement policies and procedures that would ensure integrity and transparency of related party transactions ("RPTs") between and among the Corporation and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children, and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities;
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration;

- Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws of the Corporation, and in accordance with existing laws and regulations;
- Appoint a Compliance Officer who shall have the rank of at least vice president or an equivalent position, with adequate stature and authority in the Corporation and who should not be a member of the Board of Directors;
- Be responsible for ensuring and adopting an effective succession planning program for directors, key officers, and management to ensure growth and a continued increase in shareholder value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Corporation;
- Align the remuneration of key officers and Board members with the long-term interests of the Corporation. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration;
- Have overall responsibility in ensuring that there is a group-wide policy and system governing RPTs and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile, and complexity of operations;
- Be primarily responsible for approving the selection and assessing the performance of Management led by the CEO, and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive);
- Establish an effective performance management framework that will ensure that Management, including the CEO, and personnel's performance are at par with the standards set by the Board and Senior Management;
- Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders. The Board should also approve the Internal Audit Charter;
- Oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess, and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies; and
- Have a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly

available and posted on the Corporation's website.

4.2.3 Remuneration Policy

The levels of remuneration of the Company 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.

The Company, through its board of directors, may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. The Board should align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration.

Key considerations in determining proper compensation include the following: (1) the level of remuneration is commensurate to the responsibilities of the role; (2) no director should participate in deciding on his remuneration; and (3) remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

For employees in control functions (e.g., risk, compliance and internal audit), their remuneration is determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.

4.3 Duties and Responsibilities of a Director

4.3.1 General duties and responsibilities of a Director

Each Director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Company and to ensure that personal interest does not conflict with the interests of the Company;
- To devote time and attention necessary to properly and effectively perform his duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-laws, the rules and regulations of the SEC, and where applicable, the requirements of relevant regulatory agencies;
- To observe confidentiality;

- To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment; and
- To attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

To enable the Board to properly fulfil their duties and responsibilities, management should provide directors with complete and timely information about the matters in the agenda of the meetings. Directors should be given independent access to management and the Corporate Secretary, as well as to independent professional advice.

4.3.2 Abstention in case of material interest in a transaction

A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.

The abstention of a director from participating in a meeting when related party transactions, self-dealings or any transactions or matters on which he/she has a material interest are taken up ensures that he has no influence over the outcome of the deliberations. The fundamental principle to be observed is that a director does not use his position to profit or gain some benefit or advantage for his himself and/or his/her related interests.

4.3.3 NEDs meetings with external auditor

The non-executive directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.

5.0 THE CHAIRMAN OF THE BOARD AND THE PRESIDENT

The Chairman, who is the head of the Board, shall have, among others, the following roles and the responsibilities. He/she shall:

- Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary;
- Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management, and the directors;

- Maintain qualitative and timely lines of communication and information between the Board and Management;
- Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

The President shall have the following roles and responsibilities. He/she shall:

- Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
- Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
- Have a good working knowledge of the Company's industry and market and keep up-to-date with its core business purpose;
- Direct, evaluate and guide the work of the key officers of the Company;
- Manage the Company's resources prudently and ensure a proper balance of the same;
- Provide the Board with timely information and interface between the Board and the employees;
- Build the corporate culture and motivate the employees of the Company;

- Serves as the link between internal operations and external stakeholders;
- Preside at all meetings of stockholders, and of the directors;
- Take the initiative in establishing, new business connections for the corporation and of the studying the possibilities of the new fields of investment;
- Submit matters of policy for the consideration of the Board;
- Exercise general supervision over all the other officers of the corporation;
- Execute on behalf of the, corporation, contracts and agreements which the said corporation may enter into, but this power shall not be exclusive and the Board of Directors may for convenience or for any other reason designate any other official or agent to sign contracts and agreements in behalf of the corporation;
- Unless other officers are no designated by the Board, to sign, endorse, and deliver, alone or in conjunction with other, officials whom the Board may designate, all checks, drafts, bills or exchange, promissory notes and orders of payment of sums of money in the name and on behalf of the corporation;
- Submit an annual report of the operations of the corporation to the Board of Directors and at such other times as the latter may request, and annual report thereof to the stockholders at an annual meeting; and
- Exercise such other powers and perform such other duties as the Board may from time to time fix or delegate;

6.0 COMPLIANCE OFFICER

To insure adherence to corporate principles and best practices, the Board of Directors shall appoint a Compliance Officer who shall hold the position of a Vice President or an equivalent position with adequate stature and authority in the Company. The Compliance Officer should not be a member of the Board of Directors and is required to annually attend a training on corporate governance. He/she shall have direct reporting responsibilities to the Chairman of the Board.

He/she shall perform the following duties:

- Ensure proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);
- Monitor, review, evaluate, and ensure the compliance by the Corporation, its officers, and directors with the relevant laws, the Code of Corporate Governance, rules and regulations and all governance issuances of regulatory agencies;
- Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;

- Ensure the integrity and accuracy of all documentary submissions to regulators;
- Appear before the SEC when summoned in relation to compliance with the Code of Corporate Governance;
- Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- Identify possible areas of compliance issues and work towards the resolution of the same;
- Ensure the attendance of Board members and key officers to relevant trainings; and
- Perform such other duties and responsibilities as may be provided by the SEC.

The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

7.0 CORPORATE SECRETARY

The Corporate Secretary is an officer of the Company shall be a Filipino citizen and a resident of the Philippines.

The Corporate Secretary shall be a separate individual from the Compliance Officer and shall annually attend a training on corporate governance.

He/she shall perform the following duties:

- Keep full minutes of all meetings of the Board of Directors and of the Stockholders;
- Keep the stock and transfer book and the corporate seal which he shall stamp on all documents requiring such seal of the corporation;
- Fill and countersign all the certificates of stocks issued making the corresponding annotation on the margin or stub of such certificates upon issuance;
- Give or cause to be given, all notices required by law or the By-Laws of this Corporation, as well as notices of all meetings of the Board of Directors and the stockholders.
- Assist the Board and the Board committees 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 and its committees to set agendas for those meetings;
- Safekeep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;

- Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments, and operations of the Corporation, and advise the Board and the Chairperson on all relevant issues as they arise;
- 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;
- Advise on the establishment of Board committees and their terms of reference;
- Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings;
- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him or her from doing so;
- Perform required administrative functions;
- Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- Perform such other duties and responsibilities as may be provided by the SEC.

8.0 INDEPENDENT DIRECTOR

The Company shall have at least two (2) independent directors or such number as will constitute twenty percent (20%) of the members of the Board but in no case less than two (2).

The presence of independent directors in the Board is to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the Company.

8.1 Qualifications and Disqualifications

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

Independent directors shall possess a good general understanding of the industry they are in. They shall also possess the qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.

An Independent Director refers to a person, who ideally:

- Is not, or has not been a senior officer or employee of the Company, unless there has been a change in the controlling ownership of the Company;

- Is not, and has not been in the three (3) years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;
- Has not been appointed in the Company, 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;
- Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies. Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company;
- Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- Is not acting as a nominee or representative of any director of the Company or any of its related companies;
- 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 stockholder, nominee of the firm to the PSE, an associated person or salesman, and an authorized clerk of the broker or dealer;

- Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, 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;
- Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he/she is a partner, director or substantial shareholder, in any transaction with the Company 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;
- Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and

- Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

The Independent director shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall permanently be barred from re-election as such in the same company but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants 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 shareholders' meeting.

The Reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011.

9.0 LEAD DIRECTOR

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

In cases where the Chairman is not independent and where the roles of Chair and CEO are combined, putting in place proper mechanisms ensures independent views and perspectives. More importantly, it avoids the abuse of power and authority, and potential conflict of interest. A suggested mechanism is the appointment of a strong "lead director" among the independent directors. This lead director has sufficient authority to lead the Board in cases where management has clear conflicts of interest.

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

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

10.0 BOARD MEETINGS AND QUORUM

The Board shall convene in person, or via telephone or video conferencing or other similar means, once a month on such dates and places as may be called by the Chairman of the Board, or upon the request of a majority of the Board, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.

Special meetings of the Board of Directors may be called by the President on one day's notice to each directors either personally or in writing (including via email), or on the written request of any two directors.

A majority of the number of directors shall constitute a quorum for the holding of a Board meeting. Majority vote of all Board members present shall be compulsory to approve or carry out a valid act or resolution.

10.1. Minutes and Records

The Corporate Secretary shall take down the minutes of Board. Minutes of meeting shall be duly signed by the Chairman of the Board, Corporate Secretary and other members of the Board. The Corporate Secretary shall also act as primary custodian of all records or documents of the Board.

11.0 TRAINING PROCESS

An orientation program for first time directors of the Company shall be conducted, for at least eight (8) hours, and shall cover SEC-mandated topics on corporate governance and an introduction to the Company's business, Articles of Incorporation and Code of Conduct.

An annual continuing training for all directors shall be conducted for at least four (4) hours and shall cover courses on corporate governance matters relevant to the Company, including audit, internal controls, risk management, sustainability and strategy.

12.0 ANNUAL SELF-ASSESSMENT

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, the assessment shall be supported by an external facilitator.

The Board shall likewise revisit this Charter on a yearly basis to evaluate new standards in best governance practices. All proposed changes and amendments to this Charter shall require approval of the Board.

Approved by:

MIGUEL A. CAMAHORT
President & CEO