

BOARD CHARTER

The Board of Directors (“Board”) is primarily responsible for the governance of Roxas Holdings, Inc. and its subsidiaries. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

I. Composition of the Board

- A. The Board shall be composed of nine (9) members who are elected by the stockholders entitled to vote at the annual meeting and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Company. The Company shall have at least two (2) independent directors.
- B. 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 non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

a. The Chairman of the Board

- i. The duties and responsibilities of the Chairman in relation to the Board include, among others, the following:
 - 1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as he may deem necessary;
 - 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer (“CEO”), Management and the Directors; and
 - 3. Maintain qualitative and timely lines of communication and information between the Board and Management.
- ii. The roles of the Chairman and CEO shall, 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 shall be made between the Chairman and CEO upon their election. If the positions of the Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

b. Qualifications of Directors

- i. In addition to the qualifications for membership in the Board as provided for in the By-Laws of the Company, the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which may include, among others, the following:
 1. College education or equivalent academic degree;
 2. Practical understanding of the business of the Company;
 3. Membership in good standing in relevant industry, business or professional organizations; and
 4. Previous business experience.

c. Disqualification of Directors

- i. *Permanent Disqualification.* The following shall be grounds for the permanent disqualification of a director:
 1. 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 identified 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;
 2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("Commission") 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 sub-paragraphs (a) and (b) above or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person: (a) 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 the *Bangko Sentral ng Pilipinas* ("BSP"), or under any rule or regulation issued by the Commission or BSP, or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) 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;

3. 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;
 4. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, included or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
 5. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
 6. Any person judicially declared as insolvent;
 7. 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 3.4.1.1 to 3.4.1.5 above;
 8. 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.
- ii. *Temporary Disqualification*. The Board may provide for the temporary disqualification of a director for any of the following reasons:
1. 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;

2. 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;
3. 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;
4. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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 reasons, the disqualification shall become permanent.

d. Responsibilities, Duties and Functions of the Board

- i. *General Responsibility.* It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Board shall 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.
- ii. *Duties and Functions.* To ensure a high standard of best practice for the Company, 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:
 1. 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.

2. Provide sound strategic policies and guidelines to the Company 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.
3. Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.
4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or Chief Financial Officer ("CFO") or his equivalent shall exercise oversight responsibility over this program.
5. Identify the Company'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.
6. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. There shall be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness.
7. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability.
8. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, 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.

9. Constitute an Audit & Risk Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
 10. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.
 11. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.
 12. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations.
 13. Appoint a Compliance Officer who shall have the rank of at least Vice-President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.
- iii. *Internal Control Responsibilities.* The Board shall continue and enhance its internal control environment by observing the following measures:
1. Adoption and improvement of minimum internal control mechanisms for the performance of the Board's oversight responsibility including, but not limited to, the following:
 - i. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
 - ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - iii. Evaluation of proposed senior management appointments;
 - iv. Selection and appointment of qualified and competent management officers; and
 - v. Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
 2. Formulation, implementation and enhancement of systems of effective organizational and operational controls depending on the following factors: nature and complexity of the business and

the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

3. Establishment of an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

e. Specific Duties and Responsibilities of a Director

- i. A director's office is one of trust and confidence. A director shall act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the Company towards sustained progress.
- ii. A director shall observe the following norms of conduct:
 1. *Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.*

The basic principle to be observed is that a director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director who has a continuing material conflict of interest shall seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

2. *Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.*

A director shall devote sufficient time to familiarize himself with the Company's business. He shall be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He shall attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

3. *Act judiciously.*

Before deciding on any matter brought before the Board, a director shall carefully evaluate the issues and, if necessary, make inquiries and request clarification.

4. *Exercise independent judgment.*

A director shall view each problem or situation objectively. If a disagreement with other directors arises, he shall carefully evaluate and explain his position. He shall not be afraid to take an unpopular position. Corollarily, he shall support plans and ideas that he thinks are beneficial to the Company.

5. *Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.*

A director shall also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.

6. *Observe confidentiality.*

A director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not reveal confidential information to unauthorized persons without the authority of the Board.

f. Board Meetings and Quorum Requirement

- i. The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

- ii. Independent directors shall 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 (1) independent director in all its meetings.