
JACKSTONES, INC.

593 Antonio Drive, Bagumbayan, Taguig City 1630

<u>THE BOARD CHARTER</u>	Version No:
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Section 1. INTRODUCTION

The Board of Directors (the “Board”) of Jackstones, Inc. (the “Corporation”) is the supreme authority in matters of governance and in managing the business of the Corporation. Within their authority under the Corporation Code and other applicable laws and the By-Laws of the Corporation (the “By-Laws”), the Directors, acting as a Board, have the fullest powers to regulate the concerns of the Corporation according to their best judgment.

The Board is responsible for promoting and adhering to the principles and best practices of corporate governance, for fostering the long-term success of the Corporation, and for securing its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility.

The Board shall exercise its powers and duties in the best interest of the Corporation, its shareholders, and other stakeholders.

Section 2. COMPOSITION OF THE BOARD

- 1. Number of Directors.** The Board shall have nine (9) members as provided in the Corporation’s Articles of Incorporation.
- 2. Board Competencies and Diversity.** The Board shall be composed of a majority of non-executive members who possess the necessary collective working knowledge, skills, and experience required to properly perform the duties of the Board. The Board shall likewise determine the qualifications of the Independent Directors to enable them to effectively participate in the deliberations of the Board and carry out their roles and responsibilities.

The Board shall encourage the selection of a mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board to the greatest extent possible.

- 3. Review of Board Profile.** The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation and best practices in corporate governance.
- 4. Independent Directors.** The Board shall have such number of Independent Directors as may be required by law and the rules of the Securities and Exchange Commission (“SEC”) and of the Philippine Stock Exchange (“PSE”) (hereafter referred to as “Philippine requirements”) and the standards or criteria set by the Association of Southeast Asian Nations (“ASEAN”) for the strengthening of the ASEAN capital market development and integration for the establishment of an ASEAN Economic Community (hereafter referred to as “ASEAN Standards”).

To be considered independent, a Director shall, apart from his or her fees and shareholdings, hold no interests or relationships with the Corporation that may hinder his or her independence from the Corporation, Management, or shareholders which could, or could reasonably be perceived to, materially interfere with his or her exercise of independent judgment in carrying out his or her responsibilities as a Director of the Corporation. For this purpose, an Independent Director shall submit to the Corporate Secretary a Certification in such form as required by the SEC stating that he or she holds no interests affiliated with the Corporation, Management, or controlling shareholder at the time of his or her election or appointment and/or re-election as a Director, which shall be attached to the Corporation's Information Statement, or SEC Form 20-IS.

Section 3. BOARD INDEPENDENCE AND CONFLICT OF INTEREST

It is the responsibility of each Director to promote the best interest of the Corporation. Therefore, in making decisions, they should only pursue the interest of the Corporation, and must not consider their personal interest.

1. **Disclosure of Interest.** Each Director shall accomplish an annual conflict of interest disclosure and voluntarily disclose any conflict of interest that may arise within the year after the submission of the disclosure.

If an actual or potential conflict of interest should arise on the part of the Director, it should be fully disclosed and the concerned Director should abstain and/or inhibit in any discussion on a particular situation where an actual or potential conflict of interest may arise.

A Director with any material conflict of interest that has been determined to be permanent in nature should either resign or, if the Board deems appropriate, be removed from the Board.

Notwithstanding the precautions set by the annual disclosure of conflict of interest, a Director shall abstain from participating in the discussion of, and voting on, any matter where he is in conflict of interest.

2. **Conflict of Interest.** The Board or any Director shall not use its/his/her position to make profit or to acquire benefit or advantage for itself/himself/herself and/or its/his/her related interests. A Director should avoid situations that may compromise his or her impartiality.

The personal interest of a Director should never prevail over the interest of the Corporation. Each Director is required to be loyal to the Corporation so much so that no Director may not directly or indirectly derive any personal profit or advantage by reason of his or her position in the Corporation. Each Director must promote the common interest of all shareholders, including minority shareholders and other stakeholders, and the Corporation without regard to his or her own personal and selfish interests.

3. **What Constitutes Conflict of Interest.** A conflict of interest exists when a Director of the Corporation:
 - a. Supplies or is attempting or applying to supply goods or services to the Corporation;
 - b. Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation;

- c. By virtue of his or her office, acquires or is attempting to acquire for himself or herself a business opportunity which should belong to the Corporation;
 - d. Is offered or receives consideration for delivering the Corporation's business to a third party;
 - e. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation;
 - f. Possesses any of the disqualifications found in Section 4 of this Board Charter; and
 - g. Any other similar situation wherein the Director's private interest interferes in any way with the interest of the Corporation.
4. **Contracts of Directors with the Corporation.** A contract of the Corporation with one or more of its Directors, officers or their spouses and relatives within the fourth civil degree of consanguinity or affinity 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 three (3) conditions set forth in the preceding paragraph is absent, in the case of a contract with a Director, such contract may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation in a meeting duly called for the 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.

5. **Business Opportunity Prejudicial to the Corporation.** Where a Director, by virtue of his or her office, acquires for himself or herself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the Director must account for and refund to the latter all such profits, unless his or her act has been ratified by a majority vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock or if the Corporation chooses not to pursue said business opportunity after due notice as provided below. This provision shall be applicable notwithstanding the fact that the Director risked his or her own funds in the venture.

A director shall not to be held liable for violating this provision if the following conditions have all been met:

- a. The Director must let the Board of Directors know of the business opportunity that he has acquired by serving a notice to all the members of the Board, providing the details of such business opportunity, and calling for a meeting to discuss the same;

- b. The Director must propose to the majority of the members of the Board of Directors, excluding the Director who is proposing the business opportunity, of the business opportunity in a meeting duly called for the purpose, and have them decide on the matter; and
 - c. The majority of the Board of Directors, excluding the Director who proposed the business opportunity in a meeting duly called for the purpose, decides not to pursue the business opportunity.
6. **Dealing in Corporation's Shares.** In line with the insider trading policy of the Corporation, each Director is required to report to the Board, within three (3) days from acquisition, dealings with the shares of stock of the Corporation (the "Shares").
7. **Board-Level Transparency.** In line with the Corporation's Manual of Corporate Governance, the Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

The Corporation's annual reports including, but not limited to, the Annual and Sustainability Report, which shall contain non-financial information regarding the management of economic, environmental, social and governance ("EESG") issues and the Annual Corporate Governance Report, shall contain directors' and key officers' qualifications, share ownership in the Corporation, membership in other boards, other executive positions, continuous trainings attended and identification of Independent Directors.

8. **Policy on Multiple Seats.** The Corporation shall ensure that adequate time and attention is given to the fulfillment of the Directors of their duties. The Board shall provide for the limit on the number of seats an Independent Director, Executive, and Non-Executive Directors when it deems necessary to provide such. In the implementation of this policy, the Board may consider several directorships in related companies or companies in the same industry as one. In any case, the capacity of directors to serve with diligence shall not be compromised.
9. **Confidentiality Rule.** Directors shall keep confidential all the information contained in the confidential reports or discussions. They shall also ensure that all persons who have access to the same information likewise comply with this rule.
10. **Influence of Former Directors.** Former Directors shall not be allowed to exercise influence over the operations of the Corporation. The confidentiality rule applicable to incumbent Directors shall continue to apply to former Directors.
11. **Employment of Former Directors.** Notwithstanding the immediately preceding paragraph, an exception may be made if it is in the best interest of the Corporation, as determined by the incumbent Board, that a former Director take a certain position within the Corporation.

Section 4. ELECTION OF DIRECTORS

The Directors shall be elected by the Corporation's stockholders entitled to vote at the annual meeting in accordance with the By-Laws.

1. **Nomination of Directors.** Pursuant to the Corporation Code, any shareholder, including minority shareholders, shall have the right to nominate candidates for the Board. The list of names of the nominees to the Board of Directors, together with the written consent of the nominees shall be filed and submitted to the Nomination Committee through the office

of the Corporate Secretary at least thirty (30) days prior to the date set for the annual meeting wherein they will be elected.

2. **Required vote.** For the election of Directors, it is necessary for majority of the outstanding shares of stock to be present or represented in the annual stockholders' meeting.
3. **Qualifications of Directors.** A Director of the Corporation shall have the following qualifications:
 - a. Ownership of at least one (1) share of capital stock of the Corporation at the time of his or her election;
 - b. Relevant qualification, such as previous business experience, practical understanding of the business of the Corporation, membership in good standing in the relevant industry, and membership in business and professional organizations;
 - c. Attendance to a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued undertaking to attend such a seminar as soon as practicable; and
 - d. Possesses integrity, probity, and diligence in the performance of his or her functions.

These qualifications may be amended from time to time by the Board of Directors to include additional qualifications provided under any amendments to the Revised Corporation Code, Securities Regulation Code, Corporate Governance Code and other relevant laws, rules and regulations, and such other qualifications approved by the Board and incorporated in amendments to the By-Laws.

4. **Ground for Permanent Disqualification for Nomination.** The following persons are permanently disqualified from being a Director of the Corporation:
 - a. He or she is engaged in any business that competes with or is antagonistic to that of the Corporation in accordance with the By-Laws;
 - b. He or she has been finally convicted 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 and Regulation Code;
 - ii. Any crime arising out of the person's conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, future commission merchant, commodity trading adviser, floor broker; and
 - iii. Any crime arising out of his or her relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them.
 - c. He or she who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment, or decree of the SEC, Bangko Sentral ng Pilipinas ("BSP"), or any court or other administrative body of competent jurisdiction from:

- i. Acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, future commission merchant, commodity trading adviser, or a floor broker;
- ii. Acting as a director or officer of a bank, quasi-bank, trust corporation, investment house, investment corporation, or an affiliated person of any of them; and
- iii. Engaging in or continuing any conduct of practice in connection with any such activity or willfully violating laws governing securities, and banking activities.

The disqualification should also apply if:

- i. Such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code, or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP;
 - 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 him from membership, participation or association with a member or participant of the organization.
- d. Any person finally convicted judicially of an offense involving moral turpitude, fraud, embezzlement, extortion, malversation, theft, *estafa*, counterfeiting, misappropriation, forgery, bribery, false oath, perjury, or other fraudulent acts or transgressions;
 - e. Any person finally found by the SEC, BSP, 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 of the Philippines, or any other law administered by the SEC, or any rule, regulation, or order of the SEC or BSP, or who has filed a materially false or misleading application, report, or registration statement required by the SEC, or any rule, regulation, or order of the SEC;
 - f. Any person judicially declared to be insolvent, spendthrift, or incapacitated to contract;
 - g. Any person finally found guilty by final judgment or order by a foreign court or equivalent financial regulatory authority of acts, violations, or misconduct similar to any of the acts, violations, or misconduct enumerated previously;
 - h. Any person convicted by final and executory judgment of an offense punishable by imprisonment for a period not exceeding six (6) years, or a violation of the Revised Corporation Code, committed within five (5) years prior to the date of his or her election or appointment; and
 - i. Such other grounds as the SEC may provide.

5. **Ground for Temporary Disqualification for Nomination.** The following grounds may result in the temporary disqualification of a director:
- a. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
 - b. 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. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
 - c. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceed two percent (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
 - d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
6. **Term of Office.** Directors shall hold office for a term of one (1) year, more or less, immediately upon their election and until their successors shall have been elected and qualified in accordance with the By-Laws.
7. **Qualifications of Independent Directors.** 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 and stature that would enable them to effectively and objectively participate in the deliberations of the Board. Independent Directors need to possess a good general understanding of the industry they are in. As such, independence and competence should go hand-in-hand.

An Independent Director shall hold no interests affiliated with the Corporation, Management, or controlling shareholder. Moreover, an Independent Director refers to a person who, ideally:

- 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 or has not been, in the three (3) years immediately preceding the election, a director or officer of the Corporation or of its related companies, subsidiaries, associates, affiliates, or any of its substantial shareholders;
- 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/ her election;
- d. Does not own more than two percent (2%) of the outstanding shares of the Corporation and/or its related companies or any of its substantial shareholders;

- e. Is not related to any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- f. Is not acting as a nominee or representative of any director or substantial shareholder of the Corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- g. Has not been employed in any executive capacity by the Corporation, any of its related companies and/or any of its substantial shareholders;
- h. Is not retained, either personally or through his firm or any similar entity, as professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies and/or any of its 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;
- i. Has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j. 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 Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer; and
- k. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders.

Related companies, as used in this Section, refer to the Corporation's holding/parent company, its subsidiaries, and subsidiaries of its holding/parent company.

- 8. **Term Limits for Independent Directors.** Independent Directors can serve as such for a maximum of nine (9) cumulative years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the Independent Director position was relinquished or terminated.
- 9. **Disassociation of Independent Directors.** After serving as Independent Director for nine (9) years, the Independent Director shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as Independent Director in other companies outside of the business, where applicable, under the same conditions provided for in the rules and regulations of the SEC.
- 10. **Re-election of Independent Directors.** In the instance that the Company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek stockholders' approval during the annual stockholders' meeting.

11. **Filling of Vacancies.** In case any vacancy or vacancies should occur on the Board other than removal or expiration of term, due to death, resignation or other causes, the remaining Directors, if still consisting a quorum, may fill said vacancies by election from among the stockholders and the stockholders so elected shall act as members of said Board until the new Board is elected.

Section 5. BOARD MEETINGS

1. **Frequency of Meetings.** The Board shall meet at least once every year. It shall hold meetings before the start of the financial year, immediately after the annual meeting of stockholders, at least once every quarter, and on such other days that it may designate.

Special Meetings of the Board may be called by the Chairman or the President or by the written request of any two (2) directors.

2. **Quorum.** Majority of the number of Directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business.
3. **Attendance.** Directors are encouraged to attend all Board meetings, either in person or via teleconferencing facility. A Director who fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during any term shall not be eligible for re-election.
4. **Notice of Meeting.** No notice need be given of any regular meeting of the Board of Directors held at a time and place previously fixed by it. Notice of Special Meetings shall be given at least five (5) days and may be given by any customary means of communication (e.g. in writing, by telephone, by telefax, etc.). The notice shall specify the time and place of the meeting and include a detailed agenda. As a rule, Board materials are to be distributed to all Directors at least three (3) business days prior to each Board meeting.
5. **Chairman of the Meeting.** Board meetings shall be chaired by the Chairman of the Board or, in his or her absence, by the Vice-Chairman.
6. **Matters for Discussion in Meetings.** In any Board meeting, decisions may be made on matters not included in the distributed meeting only if there are no objections posed by any member of the Board.
7. **Minutes of the Meeting.** Minutes of the Board meetings shall be taken and recorded by the Office of the Corporate Secretary. Minutes shall be signed by the President, if present at the meeting, or in his absence by the Chairman of the meeting, and by the Corporate Secretary, or other individual who has been appointed to take notes during the meeting.

Section 6. RESPONSIBILITIES OF THE BOARD

1. **General Responsibilities.** The Board of Directors shall have the following duties, powers, and attributes, in addition to those assigned to it by the Revised Corporation Code of the Philippines or other applicable law and the By-Laws which are not set forth herein:
 - a. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders in a manner characterized by transparency, accountability, and fairness. The Board shall exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress over the long term;

- b. Oversee the development of, and approve, the Corporation's vision, mission, values, corporate strategies and objectives and monitor implementation in order to sustain the Corporation's long-term viability and strength;
- c. Create and sustain a corporate culture where employees are actively involved in the realization of the Corporation's vision, mission, goals, and corporate governance such that employees experience a sense of accountability and inspiration in the workplace. This may translate to programs for employees' training and development and health, safety, and welfare;
- d. Make rules for internal regulation of the Corporation;
- e. Create committees and other bodies it may deem advantageous or necessary in running the affairs of the Corporation, as well as appoint advisory Directors who can participate in Board deliberations but whose functions shall strictly be advisory and are non-voting, appoint Senior Managing Directors, Managing Directors, Executive Directors and Associate Directors, who need not necessarily be members of the Board of Directors, Attorneys-in-Fact, Managers, Assistant Managers, Assistant Secretaries and Legal Counsel for the Corporation, Members of the Committee of Inspectors of Proxies and Ballots, and fix their duties and powers;
- f. Determine the creation of branches, agencies, office departments of any class, under the conditions it may deem convenient;
- g. Decide as to the safekeeping of the funds of the Corporation, open current accounts, fixed deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;
- h. Approve the budgets and general expense accounts of the Corporation each year and each quarter, if necessary;
- i. Fix annually the percentage to be written off on all capital expenditures of the Corporation, such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends;
- j. Submit annually to the annual meeting of stockholders the Balance Sheet, profit and income Statement and Annual Report on the condition of the Corporation;
- k. Call special meetings;
- l. Authorize any other person or persons it may deem fit to purchase, sell, or mortgage the real or personal properties of the Corporation;
- m. Authorize any other person or persons it may deem fit to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled;
- n. Determine the time and manner of issuance of unissued stocks of the Corporation;
- o. Fix the budget of administration expenses;
- p. Determine the manner and conditions under which employees of the Corporation shall be granted pensions, retirement gratuity or life insurance protection;

- q. Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested in as plaintiff or defendant in connection with the business of the Corporation and grant extension of time for the payment or settlement of any indebtedness in favor of the Corporation;
- r. Settle any doubts that may arise relative to the interpretation of the Corporation's By-Laws and supply any omissions, reporting thereon to the stockholders' general meeting for such action as it may see fit to take;
- s. Conduct an annual performance self-assessment of the board, the individual Directors, the board committees, the President and CEO, and other key management officials. Such performance assessments must be supported by an external facilitator every three (3) years;
- t. Oversee the process of disclosure and communications of relevant corporate information in accordance with applicable laws, rules, and company policies;
- u. Ensure that there is a group-wise policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include, among others, the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions and encompass all entities within the group, taking into account their size, structure, risk profile, and complexity of operations;
- v. Approve the selection of and assess the performance of the Management led by the President and Chief Executive Officer (CEO), and control functions led by their respective heads;
- w. Establish an effective performance management framework that will ensure that the Management, including the CEO, and personnel's performance are at par with the standards set by the Board where due consideration on competency, integrity, technical expertise, and experience in the Corporation's business, either current or planned, is applied, among other considerations;
- x. Ensure the presence and adequacy of internal control mechanisms and systems for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
 - i. Ensuring the presence of organizational and procedural controls supported by an effective management information system and risk management reporting system;
 - ii. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same as applicable to the Management, Board members, and shareholders;
 - iii. Appointing a CEO with the appropriate ability, integrity, and experience to fill the role;
 - iv. Defining the duties and responsibilities of the CEO;

- v. Ensuring the review of the Corporation's personnel and human resources policies, compensation plan and the management succession;
 - vi. Institutionalizing the internal audit function as well as overseeing key control functions such as, but not limited to, risk management, business conduct and ethics, audit, human resource policies, conflict of interest situations, compensation program for employees and management's succession plan; and
 - vii. Ensuring the presence of, and regular reviewing, the performance and quality of independent audit; and
- y. To the extent set forth above, orient all its activities towards two (2) general guidelines:
- i. All actions taken by the Board are subject to the principle of legal permissibility. They must, therefore, not infringe on the appropriate provision of Philippine law and the Corporation's constitutive documents, including this Charter.
 - ii. All actions taken by the Board are subject to the principle of economic usefulness. They should accordingly contribute to the increasing value of the Corporation in a sustainably progressive manner that benefits the Corporation, its stakeholders, and the communities it operates in.

2. **Specific Responsibilities.** The Board shall exert its best efforts to ensure a high standard of best practice for the Corporation, its shareholders, and other stakeholders. The Board shall conduct itself with honesty and integrity in the performance of its duties in accordance with the Corporation's By-Laws and the following duties and functions:

- a. 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;
- b. Adopt an effective succession planning program for directors, which includes a policy on the retirement age, to ensure growth and a continued increase in the shareholders' value;
- c. Align the remuneration of the Board members with the long-term interests of the Corporation. As such, it shall formulate and adopt a policy specifying the relationship between remuneration and performance of directors. No director shall participate in discussions or deliberations involving his own remuneration;
- d. Properly discharge Board functions by meeting at such times or frequency as may be needed. Independent views during Board meetings should be given due consideration and all such meetings should be duly recorded in the minutes of the meeting;
- e. 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. It shall approve the Internal Audit Charter in accordance with the Audit and MRPT Committee;

- f. 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 shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;
- g. Adopt a succession planning and professional development program for employees and Management and formulate and adopt a remuneration policy specifying the relationship between remuneration and performance of employees and Management that consider, among others, the level of remuneration as commensurate to the responsibilities of the role;
- h. Adopt a transparent framework and process that allow stakeholder engagement such that all stakeholders are able to communicate with the Corporation and obtain redress for violation of stakeholder/shareholder rights, which may include, among others, social media channels;
- i. Review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets, and business plans, set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisitions, and divestitures;
- j. Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- k. Ensure that the Corporation complies with all relevant laws, regulations and as far as possible, best business and corporate governance practices;
- l. 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;
- m. Adopt a system of checks and balances, which may be applied in the first instance of the Board. Such systems shall be regularly reviewed and updated to ensure effectiveness and the integrity of the decision-making and reporting process at all times. There should be a continuing review of the Corporation’s internal control system in order to maintain its adequacy and effectiveness;
- n. Identify, monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
- o. Formulate and implement policies and procedures, including appropriate review and approval, that would ensure the fairness, integrity and transparency of material or significant RPTs between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board. The policy may include, among others, materiality thresholds, whistle-blowing mechanisms, remedies for abuse of such transactions and the creation of a committee dedicated to the review of all RPTs. Such policy shall also ensure that RPTs are at arm's length, the terms are fair, and they will inure to the best interest of the Corporation and its subsidiaries or affiliates and all shareholders;

- p. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, which may involve the submission of such conflict to mediation pursuant to the Alternative Dispute Resolution Act of the Philippines and to arbitration in accordance with the Philippine Arbitration Law;
- q. Be primarily responsible to the shareholders for financial reporting and control, and should:
 - i. Provide to all shareholders relevant and timely information about the Corporation, including but not limited to a semestral report and an annual report of the Corporation's performance position and prospects through publicly available reports submitted to the SEC;
 - ii. Present a balance and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 - iii. Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
 - iv. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
 - v. Maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
 - vi. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least the evaluation of adequacy and effectiveness of controls encompassing the Corporation's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts; and
 - vii. Require the Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit and RPT Committee. Such annual report should include significant risk exposures and control issues, Corporate Governance issues, and other matters needed or requested by the Board.
- r. Recommend to the shareholders the appointment of Independent Auditors, in accordance with the recommendation of the Audit Committee;
- s. Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense, which expense shall be reasonable;

- t. Establish Board committees that focus on specific Board functions to aid in the optimal performance of its roles and responsibilities, in accordance with the By-Laws of the Corporation and to aid in good governance;
 - u. Appoint a lead independent director among the independent directors who shall, among others:
 - i. Serve as intermediary between the Chairman of the Board and the other directors, as necessary;
 - ii. Convene and chair periodic meetings held separately by the non-executive directors; and
 - iii. Contribute to the performance evaluation of the Chairman of the Board, as required; and
 - v. Create a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties as well as maintain the relevance of the same.
3. **Adherence to the Code of Conduct and Ethics.** The Board shall ensure that all Directors, executives, and employees adhere to the Corporation's Code of Business Conduct and Ethics. The Board shall adopt measures for the strict implementation and monitoring of compliance with the Code.
 4. **Reporting Responsibility of the Management.** Management shall inform the Board regularly, promptly, and comprehensively about any issues concerning the Corporation's strategy, risk management, and compliance. Management shall regularly update the Board of the implementation of the Corporation's strategy and explain variances from the approved plans and targets.
 5. **Approval of the Financial Statements.** Based on the report by the Audit Committee, the Board shall, with the help of independent auditors, approve the financial statements of the Corporation.
 6. **Approval of Annual Plans and Budgets.** The Board shall be responsible in approving the annual plans and budget of the Corporation, as well as the corresponding investments and personnel movements.

Section 7. ROLES AND RESPONSIBILITIES OF EACH DIRECTOR

1. **Additional Responsibilities of a 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:
 - a. Conduct fair business transactions with the Corporation and ensure that personal interest does not take primacy over Board decisions. A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in this Charter, the Corporation's Manual of Corporate Governance and Code of Business Conduct and Ethics. He shall accomplish an annual conflict of interest disclosure and voluntarily disclose any conflict of interest that may arise within the year after the submission

of the disclosure. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position;

- b. Devote time and attention necessary to properly discharge his duties and responsibilities. A director should attend and actively participate in Board meetings;
- c. Act judiciously. Before deciding on any matter brought before the Board of Directors, every director should evaluate the issues, risks, ask questions and seek clarification as appropriate;
- d. Exercise independent judgment. A director should view each problem/situation objectively and support plans and ideas that he or she believes are beneficial to the Corporation;
- e. Have a working knowledge of the statutory and regulatory requirements affecting the Corporation. This would include a firm knowledge of the contents of the Articles of Incorporation and By-Laws of the Corporation and the amendments thereof, the requirements of the PSE and SEC for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies;
- f. Observe confidentiality. A director shall observe the confidentiality of nonpublic information acquired by reason of his position as a director. He should not disclose any information to any other person without the authority of the Board;
- g. 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;
- h. Prior to assuming office, attend an orientation seminar or training program on corporate governance. Existing directors shall attend corporate governance training programs, seminars or sessions for continuing professional development. These seminars, sessions and/or training programs shall be conducted by a training provider accredited by the SEC. If necessary, funds shall be allocated by the Corporation for this purpose;

Section 8. THE CHAIRMAN OF THE BOARD

1. **Powers of the Chairman.** 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 render advice and counsel to the President and CEO.

The Chairman shall have duties and responsibilities as stated in the Corporation's By-Laws. In the implementation of his or her duties and responsibilities, the Chairman of the Board, being the legal representative of the Corporation, shall, among others:

- a. Preside at all of stockholders' meetings and meetings of the Board;
- b. Make certain 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;

- c. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
 - d. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
 - e. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
 - f. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
 - g. Ensure that performance of the Board is evaluated at least once a year and discussed and/or followed up on;
 - h. Cast the deciding vote in case of a tie in the stockholders' meetings or in the Board meetings; and
 - i. Exercise such other powers which are given him or her in the By-Laws.
2. **Chairman of Board Meetings.** The Chairman of the Board shall chair all Board meetings, or in case of his or her absence, the Vice-Chairman shall automatically take his or her place as Acting Chairman of the Board.

The Chairman of the Board shall ensure that all Board members are allowed to freely express their opinions about any matter being discussed.

Section 9. CHIEF EXECUTIVE OFFICER

The CEO has the following roles and responsibilities, among others:

1. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
2. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
3. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
4. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
5. Directs, evaluates and guides the work of the key officers of the corporation;
6. Manages the corporation's resources prudently and ensures a proper balance of the same;
7. Provides the Board with timely information and interfaces between the Board and the employees;
8. Builds the corporate culture and motivates the employees of the corporation; and

9. Serves as the link between internal operations and external stakeholders.

Section 10. CORPORATE SECRETARY

It shall be the duty of the Corporate Secretary, who must be a citizen and a resident of the Philippines, to prepare and keep the minutes of all meetings of the Board and stockholders and attend to the correspondence and files of the Corporation, to sign, jointly with the President, all stock certificates, keep and affix the corporate seal, record all transfer of stock and cancellations and keep all stock certificates transferred, likewise, keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each, and to perform all other duties which may be assigned to him or her by the Board.

The Corporate Secretary shall also exercise, among others, the following duties and responsibilities:

1. Assists 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;
2. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
3. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
4. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
5. Advises on the establishments of board committees with their terms of reference;
6. Informs 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 ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
7. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
8. Performs required administrative functions;
9. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
10. Performs such other duties and responsibilities as may be provided by the SEC.

Section 11. CHIEF INFORMATION OFFICER

The Chief Information Officer shall be responsible for the development and management of the company's information and communications technology systems and applications. The officer shall also be responsible in handling data and ensuring proper compliance with R.A. 10173 or

the Data Privacy Act of 2012 and such other duties and responsibilities as may be provided by the Board or by the relevant government regulatory agencies.

Section 12. COMPLIANCE OFFICER

The Compliance Officer is a member of the company's management team in charge of the compliance function. The following are the duties and responsibilities of such office:

1. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
2. Monitors, reviews, evaluates and ensures the compliances by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
3. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
4. Ensures the integrity and accuracy of all documentary submissions to regulators;
5. Appears before the SEC when summoned in relation to compliance with this Code;
6. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
7. Identifies possible areas of compliance issues and works towards the resolutions of the same;
8. Ensures the attendance of board members and key officers to relevant trainings; and
9. Performs such other duties and responsibilities as may be provided by the SEC.

Section 13. BOARD COMMITTEES

1. **Creation of Board Committees.** The Board may create such committees ("Board Committee") as it may deem necessary. Each Board Committee shall focus on specific board functions to aid in the optimal performance of its roles and responsibilities and to support it in the performance of its functions and in accordance with the By-Laws and to aid in good governance. The Board, through its various committees, shall also, among others:
 - a. Oversee and conduct a review of the Corporation's overall risk management systems, and material controls, covering operational, financial, and compliance areas; and
 - b. Approve operating expenses and capital budgets, major acquisitions and disposal of assets, major investments, and changes in authority and approval limits.

The Committees created by the Board shall support Board functions and serve as venues to discuss business strategies. Management shall be entrusted with the implementation and close monitoring of Board-approved business strategies, and shall likewise be tasked to conduct the business with the highest corporate governance standards and conduct.

2. **Delegation of Rights and Responsibilities to the Board Committees.** The Board may delegate part of its rights and responsibilities to any of its committees. The committees

shall be composed of Board members and key officers of the Corporation specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.

3. **Board Committee Charters.** The Board shall adopt for each Board Committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties, and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.
4. **Board Committees.** The Board shall constitute an Executive Committee, an Audit Committee, and a Corporate Governance Committee.

Section 14. COMPENSATION OF THE BOARD

Directors of the Corporation shall be entitled to receive a per diem of Two Thousand Pesos (Php2,000.00) from the Corporation.¹ The Board shall have the sole authority, in accordance with a resolution of the stockholders or the By-Laws, to determine the amount, form and structure of the fees and other compensation of the Directors. The Directors and Management officials shall also be entitled to an annual bonus of not more than twelve per centum (12%) of the net profits of the Corporation after taxes of which seven per centum (7%) shall be given to the members of the Board of Directors and five per centum (5%) to be given to the officials of the Corporation.²

Section 15. ORIENTATION AND CONTINUING EDUCATION PROGRAMS FOR DIRECTORS

Prior to assuming office, all new Directors shall undergo an orientation program on the Corporation's business and corporate structure, its vision, mission, and corporate strategy, the By-Laws and Manual of Corporate Governance, and other relevant matters essential for the effective performance of their duties and responsibilities, which shall be for at least eight (8) hours.

Directors shall likewise be required to undergo training and continuing education programs annually for at least four (4) hours to further their knowledge and assist in their development as Directors.

Section 16. MISCELLANEOUS

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. The Board shall ensure to make all shareholders informed of all their rights. In addition to notices and communication sent to shareholders for the conduct of their regular annual meetings, the Board will, at all times, encourage its management to utilize efficient and effective communication channels such that shareholders remain well-informed and advised of any material and relevant announcement and/or disclose of the Corporation.

¹ As approved by majority vote of the members of the Board of Directors and by stockholders representing at least two-thirds (2/3) of the outstanding capital stock at the special meetings held on 23 March 2015 and 30 April 2015, respectively.

² As provided under the By-Laws of Jackstones, Inc.

- Equitable Treatment of Shareholders.** The Board, in its function as the highest governing body of the Corporation, shall ensure that each member decides and acts in the interest of the Corporation, its shareholders including minority shareholders and all stakeholders.

The Board shall strictly adopt the rights of the shareholders as stated in this Charter, the Corporation's Articles of Incorporation, By-Laws, Manual of Corporate Governance and applicable rules and regulations.

- Stakeholder Engagement.** The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

In line with the Corporation's Manual of Corporate Governance, it is the duty of the Board to promote shareholders rights, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' rights and the solution of collective action problems through appropriate mechanisms as well as awareness of the same to all shareholders and stakeholders as espoused in the Whistle Blowing Policy.

The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

The Corporation shall provide an open line of communication with its stakeholders to communicate with the Corporation and obtain redress for the violation of their rights, as applicable. Whistle-blowing channels and other convenient social channels shall be provided to stakeholders.

The Board shall encourage the Corporation's employees to actively participate in the realization of the Corporation's goals and in its governance. At the minimum, the Board shall provide opportunities for training and development for employees and policies and activities relating to health, safety and welfare of all employees. Employees must also have access to a feedback mechanism in case of violation of their rights or such other unethical concerns they may want to report such as the whistle blowing policy in the Corporation's Code of Conduct.

The Board shall set the tone and make a stand against corrupt practices reflected through the anti-corruption policy and program in the Corporation's Code of Business Conduct and Ethics. The Board shall also enforce the dissemination of the policy and program to employees across the Corporation through trainings to embed with them the Corporation's culture.

The Board shall be instrumental in encouraging sustainable development and empower the Corporation's President and CEO and Chief Sustainability Officer in observance of responsible business operations and working alongside local government and other institutional partners to contribute to solving complex global challenges that may directly or indirectly affect the Corporation. The Corporation shall not only comply with existing regulations, but also voluntarily employ value chain processes that take into consideration economic, environmental, social, and governance issues and concerns in accordance with its own sustainability framework and its adopted global reporting standard.

4. **Technical Assistance.** The Board may invite such members of Management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.
5. **Board Assistance.** The Board of Directors has access to the Corporate Secretary who acts as adviser to directors regarding their responsibilities, obligations, and oversees the flow of information prior to meetings. Meanwhile, the Compliance Officer shall assist the Board in upholding its compliance and governance responsibilities.

When necessary, the Corporation may seek external technical support from third party experts to aid the Board in the performance of their duties and responsibilities including risk management. The Board may also invite members of management and other resource persons to its meetings and may secure independent and/or professional consultation as appropriate. All resources necessary for the Board of Directors to perform its duties and functions shall be provided by the Corporation.

6. **Alternative Dispute Resolution.** To resolve intra-corporate disputes, a complainant shall follow the rules and procedures provided under the Alternative Dispute Mechanism Policy for Intra-Corporate Disputes and Other Stakeholders, to be implemented by the Board of Directors in a meeting duly called for the purpose. Complainants shall duly accomplish the Complaint Form provided under the said policy and shall submit the same to the Complaint Handling and Dispute Resolution Coordinator.

Notwithstanding the mechanism provided above, complainants are not precluded from seeking recourse on the rules and procedures provided under R.A. 9285 or the Alternative Dispute Resolution Act of 2004. A complainant shall first resort to mediation before seeking remedies from other modes of alternative dispute resolution other than arbitration. If the intra-corporate dispute is not resolved through such other mode of alternative dispute resolution, the parties may bring the matter to arbitration in accordance with the Philippine Arbitration Law, then in force. The seat of arbitration shall be the Philippines. The language of arbitration shall be English.

7. **Annual Review.** This Charter shall be reviewed by the Board annually.
8. **Effectivity.** This Charter shall take effect when approved by the Board and shall apply prospectively.