

## THE BOARD OF DIRECTORS RESPONSIBILITY

- 2.2.1 It shall be the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. In particular, the Board shall:
- a. Be responsible to the shareholders for the good standing of the Company, the management of its assets for optimum performance and the strategy for its future development.
  - b. Set the strategic objectives of the Company, establish the Company's vision and mission, determine investment policy, agree on performance criteria and delegate to management the detailed planning and implementation of that policy, in accordance with appropriate risk parameters.
  - c. Be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures.
  - d. Monitor compliance with policies, and achievement against objectives, by holding management accountable for its activity through the measurement and control of operations by regular reports to the Board, including monthly performance reporting and budget updates.
  - e. Define the Company's policy on disclosing non-financial information, with emphasis on the management of economic, environmental, social and governance issues of the Company's business. The Board shall consider the adoption of globally recognized standards/frameworks in reporting non-financial and sustainability issues.
  - f. Ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, and conduct itself with honesty and integrity in the performance of its duties and responsibilities.
  - g. 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. For purposes of maintaining open lines of communication with its various stakeholders, the Corporate Secretary and/or the Investor Relations Officer are designated as stakeholder engagement touchpoints through whom the stakeholders may course their concerns. The Company shall ensure that there is sufficient dialogue between the Company and the stakeholders in the community in which the Company operates, especially on concerns pertaining to sustainability.

- h. Be responsible for approving the appointment of key officers and assessing the performance of Management. The Board shall monitor and assess the performance of the Management based on established performance standards consistent with the Company's strategic objectives, and conduct a regular review of the Company's policies with the Management. In the selection process, fit and proper standards are to be applied on key personnel and due consideration shall be given to integrity, technical expertise and experience in the institution's business, either current or planned. Key personnel shall include, but not be limited to, the Chief Executive Officer, the Chief Risk Officer, the Chief Compliance Officer, Chief Audit Officer, and/or their functional equivalents.
- i. Setting in place clear rules for standards of ethical and professional behavior. The Board shall adopt therefor a Code of Business Conduct and Ethics which would set such standards, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the Company. The Company Code of Business Conduct and Ethics, and any amendments thereto, should be properly disseminated to the Board, Management and employees and posted in the company website. The Board shall ensure proper implementation and monitor compliance with the Company Code of Business Conduct and Ethics. The Code should include, among others, the anti-corruption policies of the Company.
- j. Ensure that the Company's transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders. The Board shall also be responsible for ensuring that the Company has a clear policy and system governing related party transaction (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The Board shall, as soon as practicable, set in place guidelines for the RPTs of the Company, which guidelines shall contain: (1) the definition of related parties, (2) the coverage of the RPT policy, (3) guidelines in ensuring arm's-length terms, (4) identification and prevention/management of potential or actual conflicts of interest which arise, (5) adoption of materiality thresholds, (6) internal limits for individual and aggregate exposures, (7) whistle-blowing mechanisms, and (8) restitution of losses and other remedies for abusive RPTs. The Board shall also set in place the mechanism for ratification by shareholders of material RPTs approved by the Board, in accordance with existing laws. The material RPTs shall be reviewed and approved during the year by both the Board and the stockholders, as well as disclosed in the Annual Corporate Governance Report.

2.2.2 The Board shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities.

2.2.3 The following are specific duties and responsibilities of a director:

- a. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions. He 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, and should an actual or potential conflict of interest should arise, he should fully and immediately disclose the same and should not participate in the decision-making process.

A conflict of interest situation arises when the director's personal or business interest is antagonistic to that of the Company, or that he stands to acquire or gain financial advantage at the expense of the Company.

- b. To devote time and attention necessary to properly discharge his duties and responsibilities. He should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of, and knowledgeable with, the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials, and, if called for, ask questions or seek explanation. The non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management proposals/views, and oversee the long-term strategy of the Company. Before accepting a directorship in another Company, a director should notify the Board where he is an incumbent director.
  - c. To act judiciously. He shall evaluate the issues, ask questions and seek clarifications necessary before deciding on any matter brought before the Board.
  - d. To exercise independent judgment. He shall view each problem or situation objectively. Should a disagreement with other directors arise, he should carefully evaluate and explain his position. He should not be afraid to take unpopular positions if he thinks such ideas are beneficial to the Company.
  - e. 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 requirements of the SEC, and, where applicable, the requirements of other regulatory agencies. He shall also keep himself informed of industry developments and business trends in order to safeguard the Company's competitiveness.
  - f. To observe confidentiality. He should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not disclose any information to any other person without the authority of the Board or the Executive Committee.
- To ensure the continuing soundness, effectiveness and adequacy of the Company's internal
- g. control environment.

2.2.4 The Board of Directors should, as far as practicable, be composed of qualified individuals with diverse backgrounds (gender, age, ethnicity, culture, skills, competence and knowledge) to

effectively enable the Board to decide on corporate matters with the benefit of the varied experiences of the board members, and at least a majority should be non-executive directors. The Company's directors shall be elected at each annual meeting of the stockholders, to serve for a term of one (1) year. Each director shall be eligible for re-election in accordance with the Articles of Incorporation of the Company. The names of directors submitted for election or re-election shall be accompanied by sufficient biographical details to enable shareholders to make an informed decision in respect of their election. As provided in the Revised Corporate Governance Code of the Philippines and in compliance thereto, at least three (3) of the directors or such number as to constitute at least one-third (1/3) of the members of the Board, shall be Independent Directors. Independent directors may serve for a maximum cumulative term of nine (9) years, after which, the independent director shall be perpetually barred from re-election as such independent director in the Company. The independent director then, however, may continue to qualify for nomination and election as a non-independent director. In exceptional cases, however, the Company may retain an independent director who has served for nine (9) years; Provided, that the Company should provide meritorious justifications therefor and seek stockholders' approval during the annual stockholders' meeting. The nine-year maximum term for independent directors shall be reckoned from 2012, as per SEC Memorandum Circular No. 9 series of 2011 and SEC Memorandum Circular No. 4 series of 2017.

- 2.2.5 All directors shall have access to the advice and services of the Corporate Secretary and, if necessary, shall be able to take independent professional advice in the furtherance of their duties at the Company's expense.
- 2.2.6 All newly-elected members of the Board of Directors shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, provided that they have not previously attended such seminar. Such seminar for newly-elected directors should be for at least eight (8) hours, with the following topics sufficiently covered therein: Revised Code of Corporate Governance, ASEAN Corporate Governance Scorecard and SEC Annual Corporate Governance Report, board responsibilities; illegal activities of corporations/directors/officers, insider trading, protection of minority shareholders, short swing transactions, liabilities of directors, confidentiality, conflict of interest, related party transactions, case studies, and financial reporting and audit. Newly-elected directors who have previously attended such seminar and re-elected directors shall be required to annually attend a corporate governance training seminar for at least four (4) hours.
- 2.2.7 If the Chairman of the Board is non-independent and/or the position of the Chairman and Chief Executive Officer are held by the same person, the Board shall designate a lead director among the independent directors to perform the following functions:
- a. whenever necessary, serve as an intermediary between the Chairman and the other directors.

- b. convene and chair the meetings of the non-executive directors. The non-executive directors should have separate regular meetings with the external auditor and head of internal audit, compliance and risk functions of the Company, without the presence of the executive directors, to ensure that proper checks and balances are in place in the Company.
  - c. contribute to the performance evaluation of the Chairman.
- 2.2.8 The Board shall meet regularly to determine and monitor the Company's strategy, to review the operations and financial performance of the Company and to consider matters specifically reserved for its approval. Independent views during Board meetings shall be minuted and shall be given due consideration. Special meetings of the Board of Directors may be called by or at the request of the President or Chairman of the Board, or any four directors.
- 2.2.8 The Board shall delegate specific responsibilities to board committees with defined terms of reference.
- 2.2.9 The Board shall be guided by a Board Charter which shall serve as a guide to the directors in the performance of their functions. For transparency, the Board Charter shall be made available on the Company's website.
- 2.2.10 The Board shall conduct an annual self-assessment of its performance, including the performance of its Chairman, individual members and committees. Every three (3) years or as often as the Chairman deems proper, the assessment shall be undertaken with the assistance of an external facilitator.

*reference: MANUAL ON CORPORATE GOVERNANCE Adopted on 31 May 2017*