



## CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors of Alviera Country Club, Inc. (the “Corporation”) hereby adopts this charter.

### **Section 1. Scope**

The Board is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their authority under the Corporation Code and other applicable laws and the By-Laws of the Corporation, the directors, acting as a board, have the fullest powers to regulate the concerns of the Corporation according to their best judgment. Corollary to setting the policies for the accomplishment of the corporate objectives, the Board of Directors shall provide an independent check on Management and promote and adhere to the principles and best practices of corporate governance, which shall be exercised in the best interest of the Corporation, its shareholders and other stakeholders.

### **Section 2. Membership**

#### **2.1 Composition**

The Board of Directors shall have such number of directors as may be indicated in the Corporation’s Articles. The directors shall be elected by the shareholders entitled to vote at the annual meeting and must be qualified in accordance with the Amended By-Laws of the Corporation. The directors shall hold office for one (1) year and until their successors are elected and qualified in accordance with the Amended By-Laws of the Corporation.

Since the shares of the Corporation are registered with the Securities and Exchange Commission (the “Commission”) pursuant to Section 12 of the Securities Regulation Code (SRC) and SRC Rule 12, the Corporation shall conform to the legal requirement to have at least two (2) independent directors or such independent directors as shall constitute twenty percent (20%) of the members of the Board, whichever is lesser. The independent directors shall be identified in the annual report of the Corporation and shall hold no interest and relationship with the Corporation that may hinder his independence from the Corporation or management or interfere with his exercise of independent judgment in carrying out the responsibilities of a director.

In the selection of candidates for the Board, the objectives set by the Board shall be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation.

The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.

#### **2.2 Qualifications**

A director of the Corporation shall have the following qualifications:

- a) Ownership of at least one (1) share of the capital stock of the Corporation;
- b) At least twenty-one (21) years of age;
- c) A college degree or its equivalent or adequate competence and understanding of the fundamentals of the leisure industry or sufficient experience and competence in managing a business to substitute for such formal education;
- d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions;
- e) Practical understanding of the business of the Corporation;
- f) Membership in good standing in relevant industry, business or professional organization; and
- g) Previous business experience.

### 2.3 Permanent Disqualifications

The following persons are permanently disqualified from being a director of the Corporation:

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

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or other administrative body denying, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or *Bangko Sentral ng Pilipinas*, or under any rule or regulation issued by the Commission or *Bangko Sentral ng Pilipinas*, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or from association with a member or participant of the organization;

- c) 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;
- d) Any person who has been adjudged by final judgment or order of the Commission, *Bangko Sentral ng Pilipinas*, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or *Bangko Sentral ng Pilipinas*, or any of its rule, regulation, or order;
- e) Any person judicially declared as insolvent;
- f) 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 (a) to (e) above; and
- g) Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment and other grounds as the Commission may provide.
- h) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged—
  - h.1) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or
  - h.2) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

- h.3) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (h.1) or (h.2).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

- i.) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation.

### 2.3 Temporary Disqualifications

The following are grounds for temporary disqualification of incumbent directors:

- a) Refusal to fully disclose the extent of his business interest as required under Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- b) Absence in more than fifty percent (50%) of all regular and special meetings of the Board of Directors 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. This disqualification applies for purposes of the succeeding election.
- c) Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009, as amended). This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- d) If the beneficial equity ownership of an independent director in the Corporation 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.
- e) Being under preventive suspension by the Corporation for any reason.
- f) If any of the judgment or orders cited in the grounds for permanent disqualification has not yet become final.

Temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board. When temporarily disqualified by the Board, the director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification becomes permanent.

## 2.2 Policy on Multiple Board Seats

A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. A director may hold any number of directorships outside of the Corporation, *provided*, that in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of the Corporation.

Any limitations in the number of directorship outside of the Corporation shall not include directorships in the Corporation's subsidiaries, affiliates, parent company, and affiliates and subsidiaries of the parent company.

## 2.3 Vacancy

In case any vacancy or vacancies should occur on the Board due to death, resignation or other causes other than by removal or expiration of term, the remaining directors, if still constituting a quorum, may fill said vacancies by a majority vote, otherwise, the vacancy must be filled by the shareholders at a regular or special meeting of shareholders called for the purpose.

The vacancy resulting from the removal of a director by the shareholders in the manner provided by law may be filled by election at the same meeting of shareholders without further notice, or at any regular meeting of shareholders called for the purpose, after giving notice as prescribed in this By-Laws.

## 2.3 Remuneration

In accordance with the By-Laws of the Corporation, the members of the Board of the Corporation shall not receive any remuneration from the Corporation as such director.

## **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, the directors should only pursue the interest of the Corporation, and must not consider their own personal advantage. A director with any material conflict of interest that has been determined to be permanent in nature shall be disqualified from the Board.

## **Section 4. Powers, Duties and Responsibilities of the Board**

The Board shall have the following duties, powers and attributes, in addition to those assigned to it by the Corporation Code or other applicable law and the By-Laws which are not set forth herein:

- a) Properly discharge Board functions by meeting regularly. Independent views during Board meetings should be given due consideration and all such meetings shall be minuted;
- b) Constitute the Committees set forth in its Manual on Corporate Governance;
- c) Select and appoint a President/CEO and other senior officers with the appropriate level of motivation, integrity, competence and professionalism;

- d) Adopt a professional development program for employees and officers, as well as directors and succession planning for senior management and key positions in the Corporation;
- e) Provide sound written policies and strategic guidelines on key capital expenditures, establish programs that can sustain its long-term viability and strength, and periodically evaluate and monitor implementation of such strategies, including the business plans, operating budgets and Management's overall performance;
- f) Ensure that the Corporation faithfully complies with all relevant laws, regulations and as far as possible, best business practices;
- g) Formulate a clear communication and disclosure strategy to promptly and regularly communicate with the Commission and the Corporation's stakeholders on matters of importance;
- h) Adopt a system of internal checks and balances, which may be applied in the first instance to the Board. Such systems shall be regularly reviewed and updated for effectiveness;
- i) Identify and monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas, to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
- j) Be primarily responsible to the stockholders for financial reporting and control, and provide all stakeholders relevant and timely information about the Corporation, including an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the Commission, and maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
- k) Recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- l) 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;
- m) Attend a seminar on corporate governance conducted by a duly recognized private or government institute not later than sixty (60) days from assumption of office, except if the director has previously complied with this requirement;
- n) 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;
- o) 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;

- p) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, 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;
- q) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or difference between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities;
- r) 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;
- s) Appoint a Compliance Officer in accordance with the requirements of the Corporation's Manual of Corporate Governance and applicable laws and regulations.

#### 4.1 Chairman of the Board

The Chairman of the Board shall, when present, preside at all meetings of the Board and shall render advice and counsel to the President. In addition to the powers/duties specified in the By-Laws, the Chairman shall:

- a) Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
- b) Supervise the preparation of the meeting agenda in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and directors; and
- c) Maintain qualitative and timely lines of communication and information between and among the members of the Board and Management.

The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.

#### 4.2 Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines. He is an officer of the Corporation and his loyalty to the mission, vision and specific business objectives of the Corporation comes with his duties. Considering his varied functions and responsibilities, he must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. He must also have some financial and accounting knowledge.

In addition to the duties specified in the By-Laws, the Corporate Secretary shall have the following functions:

- a) Serve as an adviser to the directors on their responsibilities and obligations;
- b) Keep and preserve the integrity of the minutes of meetings of the stockholders, the Board of Directors, and all other committees in a book or books kept for that purpose, and shall

furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;

- c) Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- d) Have charge of the stock certificate book and such other books and papers as the Board may direct;
- e) Attend to the giving and serving of notices of Board and shareholder meetings;
- f) Be fully informed and be part of the scheduling process of other activities of the Board;
- g) Prepare an annual schedule of board meetings and the regular agenda of meetings, and put the Board on notice of such agenda at every meeting; ensure that the members of the Board have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h) Oversee the adequate flow of information to the Board prior to meetings;
- i) Ensure fulfillment of disclosure requirements to the Commission.
- j) Be loyal to the mission, vision and objectives of the Corporation;
- k) Work fairly and objective with the Board, Management, stockholders and other stakeholders;
- l) Have appropriate administrative and interpersonal skills;
- m) Have a working knowledge of the operations of the Corporation;
- n) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- o) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- p) If he is also the Compliance Officer, perform all the duties and responsibilities as the Board of Directors may impose upon him.

The Corporate Secretary shall have such other responsibilities as the Board of Directors may impose upon him. The Board shall have separate and independent access to the Corporate Secretary.

#### 4.3 Board Committees

The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Corporation, and to aid in good governance.

The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members 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.

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.

The Board shall constitute an Executive Committee, Membership Committee, Finance Committee, Audit and Risk Committee, and Nomination Committee.

## **Section 5. Resolutions and Actions**

### **5.1 Board Meetings and Quorum Requirements**

Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the Commission.

An independent director shall, as far as possible, be in attendance. However, the absence of an independent director may not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.

The Board meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication (e.g. by e-mail, in writing, by telephone, by telefax, etc.). The notice shall specify the time and place of the meeting and include a detailed agenda.

Board meetings shall be chaired by the Chairman of the Board or, in his or her absence, by the President.

Minutes of the Board meetings shall be taken and recorded by the office of the Corporate Secretary. Minutes shall be signed by the chairman of the meeting and by the secretary of the meeting.

In order to properly perform its function, the Board may engage the services of auditors, legal advisers, as well as internal and external consultants, if it deems necessary. The Chairman of the Board may allow such resource persons to attend Board meetings.

### **5.2 Minutes**

Minutes of Board meetings shall be taken and recorded by the office of the Corporate Secretary. Minutes shall be signed by the chairman of the meeting and by the individual who has been appointed to take notes during the meeting.

## **Section 6. Miscellaneous**

### **6.1 Access to Information**

The Board shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

### **6.2 Technical Assistance**

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Board. The Board may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or

appropriate. All resources necessary for the Board to perform its duties and functions shall be provided by the Corporation, at its expense.

6.3 Records and Confidentiality

The Corporate Secretary shall keep and have custody of the records of the Board. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records of the Board shall be kept confidential.

6.4 Annual Review/Self-Evaluation

The Board shall review and re-assess the adequacy of its Charter annually and submit proposed changes to the Board for approval. The Board shall conduct a yearly self-evaluation of its own performance.

6.5 Effectivity

This Charter shall take effect when approved by the Board and shall apply prospectively.