

A BROWN COMPANY, INC.

BOARD OF DIRECTORS' CHARTER

PREAMBLE

The Manual provides that:

"The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Company's website."

This Charter is an implementation of the aforesaid provision of the Manual.

ARTICLE 1. DEFINITIONS

Articles of Incorporation means the Articles of Incorporation of the Company, and any amendment thereto

Board means the Board of Directors of the Company

By Laws means the By-Laws of the Company, and all amendment/s thereto

Chairman means the Chairman of the Board

Code means the Code of Business Conduct and Ethics

Committees means all of the committees of the Board such as the Nomination Committee, Compensation and Remuneration Committee, Audit and Risk Oversight Committee, Corporate Governance Committee, Executive Committee and Committee on Corporate Culture and Values Formation

Company means A Brown Company, Inc.

Director(s) means a/the member(s) of the Board

Executive Director means a Director who, at the same time, is holding an executive position in the Company or a Director who has executive responsibility of day-to-day operations of a part or the whole of the organization.

Executive Officer means senior officers of the Company who are task to perform key executive functions in the Company and shall include the President and Chief Executive Officer, the Vice President or its equivalent, the Corporate Secretary, the Treasurer and/or Chief Finance Officer, those enumerated in the By- Laws, in the Manual, and those that may be appointed as such by the Board from time to time. An officer shall be considered senior if he has a rank of at least a Vice President or its equivalent position in the Company.

Independence means, with respect to any person, the absence of any restrictions or limitations or freedom from any interests or relationships that would interfere with the exercise of impartial and objective judgment in carrying out the responsibilities of that person

Manual means the Manual of Corporate Governance of the Company pursuant to SEC Memorandum Circular No. 19, Series of 2016 issued on November 22, 2016, and any amendments thereto as adopted and approved by the Board of Directors effective May 31, 2017.

Non-Executive Director means a Director who is not holding an executive position in the Company or a Director who has no executive responsibility and does not perform any work related to the operations of the corporation.

PSE means the Philippine Stock Exchange

SEC means the Securities and Exchange Commission

Article 2. MEMBERSHIP

Section 2.1 Board Composition, Election and Term of Office

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on evolving business environment and strategic direction.

Number of Directors, Election and Term of Office

The Board shall be composed of nine (9) directors, or such number of Directors as shall be provided in the Articles of Incorporation, duly elected by the stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and Securities Regulation Code. The directors shall be elected annually by the stockholders at the annual meeting and shall hold office until their successors are elected and qualified unless removed from office as provided by law.

Vacancies

If any vacancy shall occur among the directors by death or from any other cause, such vacancy may be filled by vote of the majority of the directors constituting a quorum at any directors meeting. The remaining directors shall continue to act, but if at any time their number be reduced to less than a majority, the vacancies shall be filled by the stockholders at a special meeting called for the purpose.

Directors may be removed and the vacancies so caused shall be filled in manner as prescribed by law.

Independent Directors

The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board whichever is lesser

but in no case less than two (2) or in such minimum number as may be mandated by the Securities and Regulation Code and its implementing rules and regulation.

Composition of the Board – Executive and Non-executive Directors

2.1.2. - The Board should, in general, be composed of executive and non-executive directors, a majority of whom are non-executive directors which include the independent directors, who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

Board Diversity

2.1.3. - 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. A diverse Board promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making. Board diversity is not limited to gender diversity but also includes diversity in age, ethnicity, culture, skills, competence and knowledge.

Section 2.2 Qualifications of Directors

2.2.1 All directors shall be holders of at least one (1) share of the Corporation registered in his name may be nominated and elected Director.

2.2.2 All nominees for election to the Board shall have all the qualifications and none of the disqualifications specified in the By-Laws, in the Manual (As Annex I), and under existing laws, rules and regulations.

2.2.3 An independent director shall have the additional qualifications prescribed by the applicable laws, rules and regulations, in particular, SRC Rule 38 and related SEC Memorandum Circular to be issued by the SEC. The qualifications of an independent director are enumerated in Annex I of the Revised Manual on Corporate Governance.

2.2.4 A director 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 duly accredited by the Securities and Exchange Commission (SEC). Those directors who assumed office prior to the issuance of this manual shall comply with this requirement if they are to be considered for reelection. First-time directors in a publicly-listed company are required to attend an orientation program for at least eight (8) hours. The orientation program covers SEC-mandated topics on corporate governance and introduction to the company's business, Articles of Incorporation and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

2.2.5 All key officers and members of the Board are enjoined or as may be required by the Securities and Exchange Commission (SEC), to attend, at least once a year, a continuing training program on Corporate Governance for at least four (4) hours conducted by training providers that are duly accredited by the Commission. The continuing program makes certain that key officers and directors are continuously informed of the developments in the business and regulatory environments including emerging risks relevant to the company. It may cover courses on corporate governance matters including audit, internal controls, risk management, sustainability and strategy.

Section 2.3. Nomination and Election of Board of Directors

2.3.1. The Corporate Secretary should set a reasonable period for the submission of nominations of candidates for election to the Board of Directors. All nominations for directors submitted in writing to the Corporate Secretary within such nomination period shall be valid. A stockholder of record, including a minority stockholder, entitled to notice of and vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated as a director.

2.3.2. The Company may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.

2.3.3. The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors based on the letter-nominations received by the Corporate Secretary from the pool of candidates submitted by the nominating stockholders. The Nomination Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications of the nominees as prescribed under the Securities and Regulation Code, the Corporation Code and as provided in Annex "I" hereof. The said list shall contain all the information about these nominees. Only nominees qualified by the Nomination Committee and whose names appear on the Final List of Candidates shall be eligible for election as Directors or Independent Directors. Nominations shall not be accepted on the floor during the annual stockholders' meeting.

2.3.4. Based on the Final List of Candidates, directors are elected by shareholders who are entitled to elect such number of members of the Board of Directors indicated in the Articles of Incorporation. Each stockholder may vote such number of shares for as many as such number of members of the Board of Directors he may choose to be elected from the list of the nominees, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

2.3.5. To preserve the integrity of the election process, the Corporation may employ the services of an independent external party to validate the voting results.

Section 2.4 Compensation of Directors

2.4.1. Directors as such shall receive such compensation for their services as may be from time to time fixed by the stockholders or provided in the Corporation's By-Laws. In the absence of any provision in the By-Laws fixing their compensation, the directors shall not receive any compensation, as such directors. No director shall participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diems that a director may receive for attendance in Board and Board Committee Meetings.

Article 3. Powers, Duties and Responsibilities

Section 3.1 Roles and Responsibilities of the Board of Directors

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to shareholders and other stakeholders.

3.1.1. General Responsibility of the Board

The Board of Directors, who is the authority in matters of governance and in managing the business of the Corporation, is responsible to promote and adhere to the principles and best practices of corporate governance and shall exercise its powers and duties in the best interest of the Corporation, its shareholders and other stakeholders.

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

The Board shall regularly review, at least annually, the vision, mission and strategic objectives of the Company and shall revise the same, as may be necessary, in accordance with the strategic directions of the Company.

3.1.2. Specific Duties and Functions of the Board

The Board Members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall have, among others, the following duties and responsibilities:

- The Board should oversee the development of and direct the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength.
- The Board should be headed by a competent and qualified Chairman.
- The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age of key officers as part of management succession and to promote dynamism in the Corporation.
- The Board should align the policy on the remuneration of key officers and Board members with the long-term interests of the Company. Remuneration should be competitive to the business climate. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.
- The Board should disclose in this Manual a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and

reviews nominated candidates. This policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the Company.

- The Board should have the overall responsibility in ensuring that there is a group-wide 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 the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the ABCI Group, taking into account their size, structure, risk profile and complexity of operations.

- The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads in the areas of risk, compliance and audit.

- The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

- The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board should also approve the Internal Audit Charter. It shall adopt a system of internal checks and balances;

- The Board shall 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. It should identify key risk areas and key performance indicators and monitor these factors with due diligence;

- The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Company's website;

- The Board should ensure to the best of its ability that the Corporation complies with all relevant laws, regulations and codes of best business practices. It should continue to keep Board actions within the powers of the institution as prescribed in the Articles of Incorporation, By-laws and existing laws, rules and regulation;

- The Board should 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;

- The Board should review at appropriate intervals the company's list of stakeholders, its manner and frequency of communicating with them, appropriate to the size of the company, its number of shareholders, the complexity and variability of its operations, to ensure the optimum

system of informing them of corporate developments consistent with the company's financial capability;

- The Board should properly discharge Board functions by meeting regularly. Independent views during Board meetings shall continue to be given due consideration. The minutes of all meetings shall be duly recorded to the degree appropriate; and
- Other duties and responsibilities as may be assigned by the SEC.

3.1.3. Duties and Responsibilities of a Director

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the corporation;

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. 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 conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

- To devote time and attention necessary to properly (discharge) and effectively perform his duties and responsibilities;

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation'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 committee materials and, if called for, ask questions or seek explanation.

- To act judiciously;

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

- To exercise independent judgment;

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to

take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.

- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.

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

- To observe confidentiality;

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

- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

Section 3.2. Chairman of the Board

3.2.1. The Board shall be headed by a competent and qualified Chairman. The roles and responsibilities of the Chairman include, among others, the following:

- a.) Ensures that the meetings of the Board are held in accordance with the Corporation's By-Laws;
- b.) Makes 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.) Facilitates discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- e.) Ensures 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.) Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and

h.) Maintains qualitative and timely lines of communication and information between the Board and Management.

3.2.2. The roles of the Chairman and the President should be separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Section 3.3. Corporate Secretary

3.3.1. - The Corporate Secretary is an officer of the company and shall not be a member of the Board of Directors. He shall annually attend a training on corporate governance. He is primarily responsible to the Corporation and its shareholders, and not to the Chairman or President of the Company. As such, a high level of competence and dedication to duty is expected of him. He must be loyal to the mission, vision and objectives of the Company.

3.3.2. - The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

3.3.3. - Considering his varied functions and duties, he must possess some level of competence not only in legal matters but also in other areas deemed necessary for him to perform the tasks assigned to him. He must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties or responsibilities. He must also have a working knowledge of the operations of the company.

3.3.4. Duties and Responsibilities

- 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;
- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- 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;
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations. Work fairly and objectively with the Board, management, stockholders, and other stakeholders 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;
- Advises on the establishment of board committees and their terms of reference;
- Informs members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five working days in advance and ensures that the members have before them

accurate information that that will enable them to arrive at intelligent decisions on matters that require their approval;

- Attend all Board meetings except when justifiable causes and maintain record of the same;
- Performs required administrative functions;
- Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;
- Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- Validate and count the votes and proxies with the assistance from the Board of Canvassers in accordance with the By-laws;
- Delegate to his Assistant Corporate Secretary other duties that are allowed or as provided in the Company's By-laws;
- Performs such other duties and responsibilities as may be provided in the Company's By-laws and issuance by the Securities and Exchange Commission (SEC).

Section 3.4 Compliance Officer

3.4.1. - To insure adherence to corporate principles and best practices, the Board of Directors should appoint a Compliance Officer who should have a rank or position with adequate stature and authority in the Corporation. The Compliance Officer should not be a member of the Board of Directors and should attend a training on corporate governance. The Compliance Officer is a member of the company's management team in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the corporation and its shareholders, and not to the Chairman or President of the Company.

3.4.2. - The Compliance Officer shall perform the following duties:

- Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- Reports the matter to the Board if violations are found and after notice and hearing, recommends the imposition of appropriate disciplinary action on the responsible parties subject to review and approval of the Board and the adoption of measures to prevent a repetition of the violation;
- Ensures the integrity and accuracy of all documentary submissions to regulators;

- Appear before the Securities and Exchange Commission upon summons on matters relative to corporate governance that need to be clarified and/or in relation to compliance with this Code;
- Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- Identifies possible areas of compliance issues and works towards the resolution of the same;
- Ensures the attendance of board members and key officers to relevant trainings
- Issue an Annual Corporate Governance Report (ACGR) that is duly signed by the Chairman of the Board, the President and/or Chief Executive Officer, Independent Directors and the Compliance Officer of the Company every five (5) years or for every period as maybe required by the Securities and Exchange Commission (SEC).
- Identify, monitor and control compliance risks.
- Performs such other duties and responsibilities as may be provided by the SEC

3.4.3. - The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to the said Officer.

Section 3.5 Board Committees

Board Committees should be set up to the extent possible to support the effective performance of the Board functions. The composition, functions and responsibilities of all Board Committees being established should have its own Board Committee Charter.

3.5.1. Board Committees

To aid in complying with the principles of good corporate governance and to focus on specific Board functions for optimal performance of its roles and responsibilities, the Board should constitute the following Committees: Nomination Committee, Compensation and Remuneration Committee, Audit and Risk Oversight Committee, Corporate Governance Committee, Executive Committee and Committee on Corporate Culture and Values Formation. Subject to the Corporation's size, risk profile and complexity of operations, the Board may form other committees, such as Related Party Transactions Committee including an Advisory Board/Committee, or may subsume other Committee as sub-committee of another as it may deem appropriate.

All established committees shall have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information for escalation to the Board of decisions of such Board Committee. The Charters should provide the standards for evaluating the performance of the Committees. It should be fully disclosed on the company's website.

3.5.2. The Board shall appoint the Members and Chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Board Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of its Committee Charters.

Article 4. Meetings and Quorum

Section 4.1. Board Meetings

4.1.1. Members of the Board shall 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.

4.1.2. The Board, may, to promote transparency, require the presence of at least one independent director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice he fails to attend.

4.1.3. The Board of Directors shall meet at least quarterly. Board Meetings are scheduled in advance before the beginning of the year. However, the schedule may be subject to change if need be with the consensus of the members of the Board and the notice of such change to be sent on time.

4.1.4. Minutes of all meetings of the Board of the Directors shall be kept and carefully preserved as a record for the business transacted at such meeting. The minutes shall contain such entries as may be required by law. Minutes of the meeting will be recorded and maintained by the Corporate Secretary. The Corporate Secretary or in his absence, the Asst. Corporate Secretary or the designate of the Committee shall act as secretary for the meetings.

Section 4.2. Quorum

4.2.1. The directors shall act only as a Board and individual directors shall have no power as such. A majority of the whole number of directors shall constitute a quorum for the transaction of business and every decision of a majority of a quorum assembled as a board shall be valid as a corporate act. In the absence of a quorum, one or more directors present at the time and place for which a meeting shall have been called may adjourn any meeting from time to time until a quorum shall be present.

4.2.2 Meetings of the Board shall be presided over by the Chairman of the Board, or in the absence of the latter, the President. The Corporate Secretary shall act as secretary of every meeting or if not present, the Assistant Corporate Secretary or in the absence of both, the Chairman of the meeting shall appoint a secretary of the meeting.

Article 5. Governance Principles

The Board shall adhere strictly to the principles of good corporate governance. Towards this end, the following policies are hereby adopted:

Section 5.1 Fostering Commitment

To show full commitment to the Company, the directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Corporation's business.

5.1.1 Attendance and Active Participation in Meetings

The directors shall have the responsibility to attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes.

5.1.2 Multiple Board Seats

5.1.2.1. A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. The director shall notify the Board where he/she is an incumbent before accepting a directorship in another company.

5.1.2.2. Non-executive directors including independent directors may concurrently serve as directors to a maximum of five (5) board seats in publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company. In any case, the capacity of directors to serve with diligence and commitment shall not be compromised. The Board may consider in the adoption of guidelines on the number of directorships that its members can hold in publicly-listed corporations in the Philippines, the ability of the director to diligently and efficiently perform his duties and responsibilities and the nature and kind of corporations he may be a director of including age and physical capacity of the director. The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

Section 5.2 Reinforcing Board Independence

The board shall endeavor to exercise an objective and independent judgment on all corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the Corporation.

5.2.1 Independent Directors

5.2.1.1 The Board should, in accordance with the law, have at least two (2) independent directors or such number as to constitute twenty percent (20%) of the entire membership, whichever is less but in no case less than two (2) or the number as may be prescribed by the Securities and Exchange Commission. Nonetheless, it will endeavor on best effort basis to have more such independent directors.

5.2.1.2. An independent director of the Corporation must possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. Independent directors need to possess a good general understanding of the industry they are in. He must be independent of Management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment.

The qualifications of independence and competence and stature would enable the independent directors to effectively and objectively participate in the deliberations of the Board. The qualifications and disqualifications for an independent director are shown on “Annex I” of the Revised Manual on Corporate Governance (approved on May 31, 2017).

5.2.1.3 The Board’s independent directors shall serve for a maximum cumulative term of nine years*. After which, the independent director shall be perpetually barred from re-election as such in the Company but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders’ approval during the annual shareholders’ meeting. (**Reckoning of the cumulative nine-year term is from 2012 per SEC Memorandum Circular No. 4, Series of 2017.*)

5.2.2. Lead Director

5.2.2.1. The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person. This lead director should have sufficient authority to lead the Board in cases where management has clear conflicts of interest.

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

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

5.2.3 Chief Executive Officer

5.2.3.1. In general, the positions of Chairman of the Board and Chief Executive Officer should be held by separate individuals and each should have clearly defined responsibilities. The positions being held by different individuals would avoid conflict or a split Board and would foster an appropriate balance of power, increased accountability and better capacity for independent decision-making.

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

- a.) Determines the corporation’s strategic direction and formulates and implements its strategic plan on the direction of the business;
- b.) Communicates and implements the corporation’s vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c.) Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
- d.) Has a good working knowledge of the corporation’s industry and market and keeps up-to-date with its core business purpose;
- e.) Directs, evaluates and guides the work of the key officers of the corporation;
- f.) Manages the corporation’s resources prudently and ensures a proper balance of the same;
- g.) Provides the Board with timely information and interfaces between the Board and the employees;
- h.) Builds the corporate culture and motivates the employees of the corporation;
- i.) Serves as the link between internal operations and external stakeholders; and
- j.) Other duties and responsibilities are provided in the Risk Oversight Committee Charter.

5.2.4. Directors with Material Interest On Related Party Transactions

A director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same. The abstention of a director from participating in such meetings when related party transactions, self-dealings or any transactions on which the director has material interest ensures that he has no influence over the outcome of the deliberations and observed the principle that the director does not use his position to profit or gain some benefit or advantage for himself and/or related interests.

5.2.5. Non-executive Directors' Meeting Without Executive Directors' Presence

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

Section 5.3 Strengthening Board Ethics

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

5.3.1. The Board should adopt a Code of Business Conduct and Ethics that would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, Senior Management and employees. It should also be disclosed and made available to the public through the Company website.

5.3.2. The Board should ensure proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. To ensure compliance, an efficient communication channels are available which aid and encourage employees, customers, suppliers and creditors to raise concerns on potential unethical/unlawful behavior without fear of retribution.

The Company's Code of Business Conduct and Ethics should be made effective and inculcated in the Company's culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

The communication channels to raise concerns are embodied in the Company's Whistle-Blower Policy, a copy of which is attached as "Annex J" of the Revised Manual on Corporate Governance.

Section 5.4 Enhancing Company Disclosure Policies and Procedures

The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

5.4.1. Corporate disclosure policies and procedures shall be in place to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders to give a fair and complete picture of the Company's financial condition, results and business operations.

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;

5.4.2. The Company shall have a policy requiring all directors and officers to disclose/report to the Company any dealings in the Company's shares within three business days or at an earlier time as the Board of Directors may prescribe.

This requirement is embodied in the Company's Insider Trading Policy, a copy of which is attached as "Annex K" of the Revised Manual on Corporate Governance.

5.4.3. 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.

5.4.4. The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission in the interest of its stockholders and other stakeholders.

Section 5.5 Promoting Shareholder's Rights

The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

5.5.1 It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights in accordance with applicable laws. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the company. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right should not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of applicable laws, regulations and the By-laws.

5.1.2 The Board shall be instrumental in removing excessive or unnecessary costs and other administrative or practical impediments to shareholders' participation in meetings and/or voting in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints, and subject to the financial capability of the corporation.

Section 5.6 Respecting Rights of Stakeholders

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake,

stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

5.6.1. The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability. The Company's stakeholders include but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the company operates in, society, the government, regulators, competitors, external auditors, etc.

5.6.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

5.6.3 The Board shall adopt a transparent framework and process that allows stakeholders to communicate with the Company and to obtain redress for the violation of their rights.

Section 5.7 Encouraging Employee's Participation

A mechanism for employee participation shall be developed to create a symbiotic environment, realize the Company's goals and participate in its corporate governance processes.

5.7.1. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance. These policies and programs, among others, may be in the areas of health, safety and welfare, training and development, rewards/compensation for employees.

5.7.2. The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Ethics. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.

5.7.3. The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

The Company's Whistle-Blower Policy is attached as "Annex J" of the Revised Manual on Corporate Governance.

Section 5.8 Encouraging Sustainability and Social Responsibility

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The Company shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates. In considering sustainability concerns, the Company plays an indispensable role alongside the

government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

Section 5.9 Alternative Dispute Resolution System

It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.

As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.

Article 6. Performance Evaluation

Section 6.1 Performance Evaluation of the Board

6. Assessing Board Performance

The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

6.1. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. As it deemed practicable, the assessment with the use of an external facilitator such as consulting firm, academic institution or professional organization may be conducted every three (3) years.

6.2. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, and Board Committees. This system should allow for a feedback mechanism from the shareholders.

APPROVAL AND EFFECTIVITY

This A Brown Company, Inc.'s Board of Directors' Charter has been approved by the Board of Directors on 22 December 2017 and shall take effect immediately. Amendments to comply with the regulatory issuances of the Securities and Exchange Commission (SEC) shall be deemed adopted and effective upon the effectivity of the regulatory issuance.


ROBERTINO E. PIZARRO
Chairman of the Board