



Philippine Realty and Holdings Corporation

**CHARTER OF THE  
BOARD OF DIRECTORS**

**15 September 2020**

## TABLE OF CONTENTS

Section	Title	Page No.
Section 1	Corporate Powers of the Board of Directors	1
Section 2	Composition of the Board of Directors	1
Section 3	Qualifications of Directors	2
Section 4	Independent and Non-Executive Directors	2
Section 5	Persons Disqualified to Become Directors	4
Section 6	Specific Duties and Responsibilities of the Board of Directors	5
Section 7	Specific Duties and Responsibilities of a Director	10
Section 8	Board-Level Committees	12
Section 9	Audit Committee	13
Section 10	Risk Oversight Committee	15
Section 11	Corporate Governance and Nomination Committee	15
Section 12	Related Party Transactions Committee	16
	Signature Page	18

## CHARTER OF THE BOARD OF DIRECTORS OF PHILIPPINE REALTY AND HOLDINGS CORPORATION

The Board of Directors (the "Board") of Philippine Realty and Holdings Corporation ("RLT" or the "Company") approved the adoption of this Board Charter on **15 September 2020** in a regular meeting held using Microsoft Teams videoconferencing facility.

### Section 1. Corporate Powers of the Board of Directors.

The corporate powers of a corporation shall be exercised, its business conducted, and all its resources controlled, through its Board. Within their authority under the Corporation Code and the Revised Corporation Code, the Company's Articles of Incorporation and By-Laws, the Directors of the Company acting as a Board, have the power but also the responsibility, to manage and oversee the affairs, business and effective management of the Company. The Directors shall hold their office charged with the duty to exercise sound and objective judgment to sustain the competitiveness and profitability, the long-term success, and the long-term best interests of the stockholders and other stakeholders, of the Company.

### Section 2. Composition of the Board of Directors.

Under Article 6 of the Amended Articles of Incorporation of RLT, the number of Directors of the Company shall be **eleven (11)**.

The Board has to be structured in such a way that the Board is composed of a majority of Non-Executive Directors, who shall include Independent Directors. The Board shall have **at least three (3) Independent Directors**, or such number as to constitute at least one-third of the members of the Board with a fraction rounded down to the nearest whole number, whichever is higher. The Directors shall possess the necessary qualifications and none of the disqualifications, to effectively participate and help secure objective judgment on corporate affairs, to promote proper checks and balances, and independent oversight of management.

The Board and its committees, to the extent that they reasonably can, shall encourage the selection of competent Directors, especially those who can add value to the improvement of the Company's corporate policies and strategies. In the selection of nominees to the Board, attention will be given to required knowledge, experience, independence and diversity in the Directors' fields of expertise, age and gender.

Non-Filipino citizens may become members of the Board of RLT to the extent of the foreign participation in the equity of the Company: *Provided*, That the same is allowed pursuant to existing laws, rules and regulations; and *Provided further*, That a majority of the Directors must be residents of the Philippines.

### **Section 3. Qualifications of Directors.**

A Director in the Company shall have the following minimum qualifications:

1. He must be fit and proper for the position of a Director. In determining whether a person is fit and proper for the position of a Director, the following matters must be considered:
  - a. Integrity/probity, physical/mental fitness. In assessing a Director's integrity/probity, consideration shall be given to the Director's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.
  - b. Relevant education/financial literacy/training.
  - c. Possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and
  - d. Sufficiency of time to fully carry out responsibilities.
2. An elected Director has the burden to prove that he possesses all the foregoing minimum qualifications and none of the disqualifications found in Section 5 hereof.
3. He must have attended a Seminar on Corporate Governance for Board of Directors and must submit himself to the annual training requirements for Board Directors.
4. Officers and executives of the Company may be elected to the Board but shall not be characterized as Independent Directors.
5. Members of the Board shall not be appointed as Corporate Secretary or Chief Compliance Officer.

### **Section 4. Independent and Non-Executive Directors**

In selecting Independent and Non-Executive Directors, the number and types of entities where the candidate is likewise elected as such, shall be considered to ensure that he will be able to devote sufficient time to effectively carry out his duties and responsibilities. In this regard, the following shall apply:

1. A Non-Executive Director may concurrently serve as Director in a **maximum of five (5) publicly listed companies**. In applying this provision to concurrent directorship in entities within a conglomerate, each entity where the Non-Executive Director is concurrently serving as Director shall be separately considered in assessing compliance with this requirement.
2. An Independent Director of may only serve as such for a **maximum cumulative term of nine (9) years**. After which, the Independent Director shall be perpetually barred from serving as an Independent Director in the Company but may continue to serve as a Regular Director. 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 and seek shareholders' approval during the Annual Stockholders' Meeting.
3. If a Director elected as Independent Director subsequently becomes an **officer of the Company**, he shall forthwith cease to be considered as an Independent Director.
4. Is not an owner of **more than two percent (2%)** of the outstanding shares of RLT, its subsidiaries, associates or related companies.

If the direct/indirect ownership of an Independent Director in the Company **exceeds two percent (2%)**, the Company shall forthwith cease to consider him as an Independent Director until his ownership in the Company is reduced to two percent (2%) or lower.

5. He is not and has not been in the **three (3) years immediately preceding** his election as Independent Director, a Director of RLT; a Director of RLT's subsidiaries, associates or related companies; or a Director or officer of RLT's substantial stockholders and its related companies.
6. He is not a relative of a Director, officer or substantial stockholder of the Company or any of its related companies or of any of its substantial shareholders.

For this purpose, "**relatives**" include spouse, parent, child, brother, sister and the spouse of such child, brother or sister.
7. He is not acting as a **nominee or representative** of any Director of RLT or any of its related companies.
8. He 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.

9. He is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or legal counsel of the covered company, any of its related companies or substantial shareholder, 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.
10. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with RLT or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
11. He is not affiliated with any non-profit organization that receives significant funding from RLT or any of RLT's related companies or substantial shareholders.
12. He is not employed as an executive officer of another company where any of RLT's executives serve as Directors.

**"Related companies"**, as used in this Section, refer to: (a) RLT's parent company, Greenhills Properties, Inc. ("GPI"); (b) RLT's subsidiaries; and (c) subsidiaries of GPI.

#### **Section 5. Persons Disqualified to Become Directors**

Without prejudice to specific provisions of law prescribing disqualifications for Directors, the following are disqualified from becoming Directors of the Company:

1. Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees).
2. Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years.
3. Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract.

4. Directors who have been absent or who have not participated for whatever reasons in **more than fifty percent (50%) of all meetings**, both regular and special, of the Board during their incumbency. This disqualification applies only for purposes of the immediately succeeding election of Directors.
5. Persons who are delinquent in the payment of their obligations to banks and other types of lending institutions.
6. Directors who failed to attend the special seminar for Board of Directors. This disqualification applies until the Director concerned had attended such seminar.
7. Persons dismissed from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance.
8. Those under preventive suspension.
9. Persons with derogatory records as certified by, or on the official files of, the judiciary, National Bureau of Investigation (“NBI”), Philippine National Police (“PNP”), quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any law, rules and regulations that would adversely affect the integrity of the Director or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a **lapse of five (5) years** from the time the complaint, which was the basis of the derogatory record, was initiated.

#### **Section 6. Specific Duties and Responsibilities of the Board of Directors.**

The Board is primarily responsible for defining the Company’s vision and mission. It has the fiduciary responsibility to the Company and all its shareholders including minority shareholders. It shall approve and oversee the implementation of strategies to achieve corporate objectives. It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall establish a sound corporate governance framework. The Board shall approve the selection of the CEO and key members of senior management and control functions and oversee their performance.

1. The Board shall define the Company’s corporate culture and values. It shall establish a code of corporate governance and ethical standards in the Company and shall institutionalize a system that will allow reporting of concerns or violations to an appropriate body. In this regard, the Board shall:
  - a. Articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Company as well as the corresponding disciplinary actions

and sanctions. The code of corporate governance shall explicitly provide that Directors, officers, and all personnel are expected to conduct themselves ethically and perform their job with skill, due care, and diligence in addition to complying with laws, regulations, and Company policies.

- b. Consistently conduct the affairs of the Company with a high degree of integrity and play a lead role in establishing the Company's corporate culture and values. The Board shall establish, actively promote, and communicate a culture of strong governance in the Company, through adopted policies and displayed practices. The Board shall ensure that the CEO and executive team champion the desired values and conduct, and that they face material consequences if there are persistent or high profile conduct and value breaches.
  - c. Oversee the integrity, independence, and effectiveness of Company's policies and procedures for whistleblowing. It shall allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the Board or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, senior management and/or the Board itself. It shall prevent the use of the facilities of the Company in the furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption.
2. The Board shall be responsible for approving the Company's objectives and strategies and in overseeing management's implementation thereof. In this regard, the Board shall:
- a. Approve the Company's strategic objectives and business plans. These shall take into account the Company's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. In this respect, the Board shall establish a system for measuring performance against plans.
  - b. Actively engage in the affairs of the Company and keep up with material changes in the Company's business and regulatory environment as well as act in a timely manner to protect the long term interests of the Company.
  - c. Approve and oversee the implementation of policies governing major areas of the Company's operations. The Board shall regularly review these policies, as well as evaluate control functions (e.g., internal audit, risk management and compliance) with senior management to determine areas for improvement as well as to promptly identify and address significant risks and issues.



3. The Board shall be responsible for the appointment/selection of key members of senior management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel. In this regard, the Board shall:
  - a. Oversee selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Company's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Company.
  - b. Approve and oversee the implementation of performance standards as well as remuneration and other incentives policy. The policy should be consistent with the long-term strategic objectives and financial soundness of the Company and should promote good performance, convey acceptable risk-taking behavior, and reinforce the Company's operating and risk culture.
  - c. Oversee the performance of senior management and heads of control functions:
    - 1) The Board shall regularly monitor and assess the performance of the management team and heads of control functions based on approved performance standards.
    - 2) The Board shall hold members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the Board's performance expectations. These expectations shall include adherence to the Company's values, risk appetite and risk culture, under all circumstances.
      - a) The Board shall meet with senior management to engage in discussions, question, and critically review the reports and information provided by the latter.
      - b) Non-executive board members shall meet, other than in meetings of the Audit, Risk Oversight, Corporate Governance, and Related Party Transactions Committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.
    - 3) Engage in succession planning for the CEO and other critical positions, as appropriate. In this respect, the Board shall establish an effective succession planning program. The program should include a system for

identifying and developing potential successors for the CEO and other critical positions.

- 4) Ensure that personnel's expertise and knowledge remain relevant. The Board shall provide its personnel with regular training opportunities as part of a professional development program to enhance their competencies and stay abreast of developments relevant to their areas of responsibility.
  - 5) Ensure that employee retirement funds are adequately funded or the corresponding liability appropriately recognized in the books of the Company at all times, and that all transactions involving the retirement fund are conducted at arm's length terms.
4. The Board shall be responsible for approving and overseeing implementation of the Company's **corporate governance framework**. In this regard, the Board shall:
- a. Define appropriate governance structure and practices for its own work, and ensure that such practices are followed and periodically reviewed:
    - 1) The Board shall structure itself in a way, including in terms of size and frequency of meetings, so as to promote efficiency, critical discussion of issues, and thorough review of matters. The Board shall meet regularly to properly discharge its functions, and likewise have discussions on values, conduct, and behaviors.
    - 2) The Board shall create committees to increase efficiency and allow deeper focus in specific areas. The number and nature of board-level committees would depend on the size of the Company and the Board, the Company's complexity of operations, as well as the Board's long-term strategies and risk tolerance.
    - 3) The Board shall regularly review the structure, size and composition of the board-level committees with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation of the structure, size and composition of the Board and board-level committees shall be adopted which shall include, but not limited to, benchmark and peer group analysis. The results of assessment shall form part of the ongoing improvement efforts of the Board.
    - 4) The Board shall adopt policies aimed at ensuring that members of the Board are able to commit to effectively discharge their responsibilities, which shall include policy on the number of directorship positions and/or other internal/external professional commitments that a Director may

have, commensurate with the responsibilities placed on the Director, as well as the nature, scale and complexity of the Company's operations.

- 5) The Board shall ensure that individual members of the Board and the shareholders are accurately and timely informed of a comprehensive and understandable assessment of the Company's performance, financial condition and risk exposures. All members of the Board shall have reasonable access to any information about the Company at all times. The Board shall also ensure that adequate and appropriate information flows internally and to the public.
  - 6) The Board shall assess at least annually its performance and effectiveness as a body, as well as its various committees, the CEO, the individual Directors, which may be facilitated by the Corporate Governance Committee or external facilitators. This exercise shall cover the assessment of the ongoing suitability of each Board member taking into account his or her performance in the Board and Board-level committees.
  - 7) The Board shall maintain appropriate records (e.g., meeting minutes or summaries of matters reviewed, recommendations made, decisions taken and dissenting opinions) of its deliberations and decisions. The Board shall also ensure that independent views in meetings of the Board shall be given full consideration and all such meetings shall be duly minuted.
- b. Adopt a policy on retirement for Directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power.
  - c. Maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities. The Board shall ensure that the Company's organizational structure facilitates effective decision making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability.
  - d. Oversee the development, approve, and monitor implementation of corporate governance policies. The Board shall ensure that corporate governance policies are followed and periodically reviewed for ongoing improvement.
  - e. Approve an overarching policy on the handling of material Related Party Transactions ("RPTs") to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged.

5. The Board shall be responsible for approving Company's **risk oversight framework** and overseeing management's implementation thereof. In this regard, the Board shall:
  - a. Define the Company's risk appetite. In setting the risk appetite, the Board shall take into account the business environment, regulatory landscape, and the Company's long term interests and ability to manage risk.
  - b. Approve and oversee adherence to the risk appetite statement, risk policy, and risks limits.
  - c. Oversee the development of, approve, and oversee the implementation of policies and procedures relating to the management of risks throughout the Company.
  - d. Define organizational responsibilities following the three (3) lines of defense framework. The business line functions will represent the first line of defense, the risk management and compliance functions for the second line of defense, and the internal audit function for the third line of defense. In this regard:
    - 1) The Board, given the Company's size and complexity of operations, shall ensure that the risk management, compliance and internal audit functions have proper stature in the organization, have adequate staff and resources, and carry out their responsibilities independently, objectively and effectively.
    - 2) The Board shall ensure that Non-Executive board members meet regularly, with the external auditor and heads of the internal audit, compliance and risk management functions other than in meetings of the audit and risk oversight committees, in the absence of senior management.

#### **Section 7. Specific Duties and Responsibilities of a Director.**

The position of a Director is a position of trust. A Director assumes certain responsibilities to different constituencies or stakeholders, i.e., the Company itself, its stockholders, customers, suppliers, contractors, creditors, service providers, its management and employees, the regulators and the public at large. These constituencies or stakeholders have the right to expect that the Company is being run in a prudent and sound manner. The members of the Board should exercise their "duty of care" and "duty of loyalty" to the Company.

1. *To remain fit and proper for the position for the duration of his term.* A Director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat Board Directorship as a profession and

shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the Company is engaged in or intends to pursue as well as the developments in the property development industry including market and regulatory changes through continuing education or training.

2. *To conduct fair business transactions with the Company and to ensure that personal interest does not bias board decisions.* Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institution cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a Director should 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 would compromise his impartiality.
3. *To act honestly and in good faith, with loyalty and in the best interest of the Company, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its investors, creditors, clients and the general public.* A Director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances. While a Director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interests of other stakeholders.
4. *To devote time and attention necessary to properly discharge their duties and responsibilities.* Directors should devote sufficient time to familiarize themselves with the institution's business. They must be constantly aware of the institution's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board.
5. *To act judiciously.* Before deciding on any matter brought before the Board every Director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
6. *To contribute significantly to the decision-making process of the Board.* Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of the Board.
7. *To exercise independent judgment.* A Director should view each problem/situation objectively. When a disagreement with others occurs, he

should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollarily, he should support plans and ideas that he thinks will be beneficial to the institution.

8. *To have a working knowledge of the industry developments and business trends in order to safeguard the institution's competitiveness.* A Director should also keep himself informed of the statutory and regulatory requirements affecting the Company, including the content of its Articles of Incorporation and By-Laws, the requirements of the Securities and Exchange Commission ("SEC"), the Philippine Stock Exchange Inc. ("PSE"), the Bureau of Internal Revenue ("BIR") and where applicable, the requirements of other regulatory agencies.
9. *To observe confidentiality.* Directors must observe the confidentiality of non-public information acquired by reason of their position as Directors. They may not disclose said information to any other person without the authority of the board.

The Company shall furnish all of its first-time Directors with a copy of the Specific Duties and Responsibilities of the Board and as an Individual Director upon his election. The Company must keep on file the Certification Under Oath of the Directors concerned that they have received copies of such Specific Duties and Responsibilities of the Board and as an Individual Director and that they fully understand and accept the same.

## Section 8. Board-Level Committees

The Board may delegate some of its functions, but not its responsibilities, to Board-level committees. In this regard, the Board shall:

1. Approve, review, and update, at least every two (2) years or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures. Said documents shall articulate how the committee will report to the full Board, what is expected of the committee members, and tenure limits for serving on the committee. The Board shall also consider occasional rotation of committee members and chairs to avoid undue concentration of power and promote fresh perspective.
2. Appoint members of the committees taking into account the optimal mix of skills and experience to allow the Board, through the committees, to fully understand and objectively evaluate the relevant issues. In order to promote objectivity, the Board shall appoint Independent Directors and Non-Executive members of the Board to the greatest extent possible. Towards this end, an Independent Director who is a member of any committee that exercises executive or management functions that can potentially impair such Director's

independence cannot accept membership in committees that perform independent oversight/control functions such as the Audit, Risk Oversight and Corporate Governance and Related Party Transactions Committees.

3. Ensure that each committee shall maintain appropriate records (e.g., minutes of meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions.
4. Constitute, at a minimum, the following committees: (1) Audit Committee; (2) Risk Oversight Committee, and (3) Corporate Governance Committee: *Provided*, That the Board shall discuss risk management and corporate governance matters in the meetings of the Board, with the views of the Independent Directors duly considered and minuted.

#### Section 9. Audit Committee.

1. *Composition and Chairperson.* The Audit Committee shall be composed of at least three (3) members of the Board, who shall all be Non-Executive Directors, majority of whom shall be Independent Directors, including the Chairperson: **Provided, That the Chairperson of the Audit Committee shall not be the Chairperson of the Board or of any other board-level committees.**

The Audit Committee shall have accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Company. It shall have access to independent experts to assist them in carrying out its responsibilities.

2. *Duties and Responsibilities of the Audit Committee.* The Audit Committee shall:
  - a. *Oversee the financial reporting framework.* The Committee shall oversee the financial reporting process, practices, and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.
  - b. *Monitor and evaluate the adequacy and effectiveness of the internal control system.* The Committee shall oversee the implementation of internal control policies and activities. It shall also ensure that periodic assessment of the internal control system is conducted to identify the weaknesses and evaluate its robustness considering the Company's risk profile and strategic direction.
  - c. *Performs oversight functions over the Company's internal and external auditors.* The Committee ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

- d. *Oversee the internal audit function.* The Committee shall be responsible for the appointment/selection, remuneration, and dismissal of internal auditor. It shall review and approve the audit scope and frequency. The Committee shall ensure that the scope covers the review of the effectiveness of the Company's internal controls, including financial, operational and compliance controls, and risk management system. The Committee shall functionally meet with the head of internal audit and such meetings shall be duly minuted and adequately documented. In this regard, the Audit Committee shall review and approve the performance and compensation of the head of internal audit, and budget of the internal audit function.
- e. *Oversee the external audit function.* The Committee shall be responsible for the appointment, fees, and replacement of External Auditor. It shall review and approve the engagement contract and ensure that the scope of audit likewise cover areas specifically prescribed by the SEC and other regulators.

The Committee shall review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- 1) Any change/s in accounting policies and practices;
- 2) Areas where a significant amount of judgment has been exercised;
- 3) Significant adjustments resulting from the audit;
- 4) Going concern assumptions;
- 5) Compliance with accounting standards;
- 6) Compliance with tax, legal and regulatory requirements

Reviews the disposition of the recommendations in the External Auditor's Management Letter.

- f. *Oversee the implementation of corrective actions.* The Committee shall receive key audit reports and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws, and regulations and other issues identified by auditors and other control functions.
- g. *Investigate significant issues/concerns raised.* The Committee shall have explicit authority to investigate any matter within its terms of reference, have full access to and cooperation by management, and have full discretion to invite any Director or executive officer to attend its meetings.
- h. *Establish whistle blowing mechanism.* The Committee shall establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements



are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

#### Section 10. Risk Oversight Committee.

1. *Composition and Chairperson.* The Risk Oversight Committee (“ROC”) shall be composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson. **The ROC’s Chairperson shall not be the chairperson of the Board, or any other board-level committee.** The risk oversight committee shall possess a range of expertise and adequate knowledge on risk management issues and practices. It shall have access to independent experts to assist it in discharging its responsibilities.
2. *Duties and responsibilities of the ROC.* The ROC shall advise the Board on the Company’s overall current and future risk appetite, oversee senior management’s adherence to the risk appetite statement, and report on the state of risk culture of the Company. The ROC shall:
  - a. *Oversee the risk management framework.* The Committee shall oversee the enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.
  - b. *Oversee the adherence to risk appetite.* The Committee shall ensure that the current and emerging risk exposures are consistent with the Company’s strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.
  - c. *Oversee the risk management function.* The Committee shall be responsible for the appointment/selection, remuneration, and dismissal of the Chief Risk Officer (“CRO”) or Risk Officer (“RO”). It shall also ensure that the risk management function has adequate resources and effectively oversees the risk-taking activities of the Company.

#### Section 11. Corporate Governance and Nomination Committee.

1. *Composition.* The Committee shall be composed of at least three (3) members of the Board who shall **all be Independent Directors**, including the Chairperson.
2. *Duties and responsibilities of the Corporate Governance and Nomination Committee.* The corporate governance committee shall assist the Board in fulfilling its corporate governance responsibilities, including the functions that

were formerly assigned to a Nomination and Remuneration Committee. In this regard, the corporate governance committee shall:

- a. *Oversee the nomination process for members of the Board and for positions appointed by the Board.* The Committee shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board. The Committee shall recommend to the Board matters pertaining to the assignment to board committees, as well as succession plan for the members of the Board and senior management.
- b. *Oversee the continuing education program for the Board.* The Committee shall ensure allocation of sufficient time, budget and other resources for the continuing education of Directors and draw on external expertise as needed. The Committee shall establish and ensure effective implementation of policy for onboarding/orientation program for first time Directors and annual continuing education for all Directors. For this purpose, the orientation program for first time Directors shall be for at least eight (8) hours, while the annual continuing training shall be **at least for four (4) hours**. The training programs should cover topics relevant in carrying out their duties and responsibilities as Directors.
- c. *Oversee the performance evaluation process.* The Committee shall oversee the periodic evaluation of contribution and performance (e.g., competence, candor, attendance, preparedness and participation) of the Board, board-level committees, and senior management. Internal guidelines shall be adopted that address the competing time commitments of Directors serving on multiple boards. The Committee ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.
- d. *Adopts corporate governance policies.* The Committee shall ensure that these are reviewed and updated regularly, and consistently implemented in form and substance.
- e. *Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers.* The Committee establish policies and procedures for determining remuneration of Directors and officers that are consistent with the Company's culture and strategy as well as the business environment in which it operates.

## Section 12. Related Party Transactions Committee

1. *Composition.* The Committee shall be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

2. *Duties and responsibilities of the Related Party Transactions Committee.* The Related Party Transactions Committee ("RPT Committee") shall be tasked with reviewing all material related party transactions of the Company. The following are the functions of the RPT Committee, among others:
- a. It shall evaluate on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
  - b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
    - 1) The related party's relationship to the Company and interest in the transaction;
    - 2) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
    - 3) The benefits to the Company of the proposed RPT;
    - 4) The availability of other sources of comparable products or services; and
    - 5) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
  - c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
  - d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

IN WITNESS WHEREOF, we, the Directors of the Company, have hereunto set our hands this 15<sup>th</sup> day of September 2020, and certify that we have read and fully understand the Charter of the Board of the Company.



**GERARDO DOMENICO ANTONIO V. LANUZA**  
Chairman of the Board



**RENATO G. NUÑEZ**  
Vice Chairman and Independent Director



**GERARDO O. LANUZA, JR.**  
Chairman Emeritus



**ANTONIO O. OLBES**  
Vice Chairman Emeritus



**ALFREDO S. DEL ROSARIO, JR.**  
Director and President



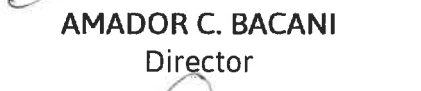
**ALFONSO MARTIN E. EIZMENDI**  
Independent Director



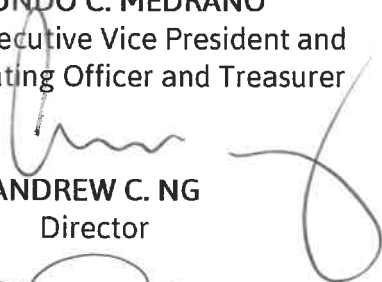
**JOMARK O. AROLLADO**  
Independent Director



**EDMUNDO C. MEDRANO**  
Director, Executive Vice President and  
Chief Operating Officer and Treasurer



**AMADOR C. BACANI**  
Director



**ANDREW C. NG**  
Director



**GREGORY G. YANG**  
Director

Attested by:



**ATTY. REX P. BONIFACIO**  
Corporate Secretary

REPUBLIC OF THE PHILIPPINES )  
PASIG CITY ) S.S.

### SECRETARY'S CERTIFICATE

I, **ATTY. REX P. BONIFACIO**, of legal age, married, Filipino and with office address at Pastelero Law Office, Unit E-1503, 15<sup>th</sup> Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after being sworn in accordance with law, depose and state:

1. That I am the Corporate Secretary of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** (interchangeably referred to as "**Corporation**" or "**RLT**" for brevity), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office and place of business at One Balete, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111;
2. That as Corporate Secretary, I have custody and access to the Minutes of the Meetings of the Board of Directors and the Stockholders of the Corporation;
3. That at the regular meeting of the Board of Directors of the Corporation held using Microsoft Teams videoconferencing facility on 15 September 2020, wherein a quorum was present and acting throughout, the following resolution was passed and approved:

**"RESOLVED**, That the Charter of the Board of Directors ("**Board Charter**") of the Corporation presented to the Board of Directors on 15 September 2020 as endorsed by the Corporate Governance and Nominations Committee to the Board of Directors, be approved for adoption effective 15 September 2020;

**"RESOLVED FURTHER**, That all of the Directors of the Corporation shall sign the Charter to signify that they have read and that they understand its contents;

**"RESOLVED, FINALLY**, That the foregoing resolution shall continue to have full force and effect until the same is repealed, amended and/or suspended by a subsequent resolution/s of the Board of Directors to the contrary."


4. That the above resolution is in accordance with and does not contravene any provision of the Articles of Incorporation or By-Laws of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 17<sup>TH</sup> day of September 2020 in the City of Pasig, Philippines.

  
ATTY. REXP. BONIFACIO  
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this 17<sup>TH</sup> day of September 2020 at Pasig City, affiant exhibiting to me his TIN No. 236-070-936 issued by the Bureau of Internal Revenue and SSS No. 33-7143643-6 issued by the Social Security System, for purposes of identification, and who avowed under penalty of law to the truth of all the contents thereof.

Doc. No. 44 ;  
Page No. 10 ;  
Book No. I ;  
Series of 2020

**NOTARY PUBLIC**  
  
ALVIN JOSE B. FELIZARDO  
Notary Public for and in Pasig City  
Until December 31, 2021  
Appointment No. 163 (2020-2021)  
Roll of Attorney's No. 36533  
PTR No. 5241944 / 01-06-20/Pasig City  
IBP No. 097123- December 11, 2019/Rizal  
MCLE Compliance VI-0004690/12-05-17  
E-1503 Phil. Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City