

ASIAN TERMINALS, INC. BOARD CHARTER

Part I. Introduction

The Board Charter of Asian Terminals, Inc. (“ATI” or the “Company”) shall be supplementary to the relevant provisions of the Corporation Code of the Philippines and other applicable laws and regulations, ATI’s Articles of Incorporation, By-Laws, ATI Corporate Governance Manual and Board Committee Charters.

This Board Charter shall be posted in the ATI website.

It shall be the Board’s responsibility to promote the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall reasonably exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with honesty and integrity in the discharge of its duties, functions and responsibilities.

Part II. Composition of the Board, Qualifications and Disqualifications

Section 1. Number of Directors, Diversity and Competencies

The Board shall be composed of eight (8) members elected by the shareholders with at least two (2) independent directors or at least twenty percent (20%) of the members of such Board, or in such minimum number as may be mandated by the Securities and Regulation Code (SRC).

An independent director is a person who is independent of management and the controlling shareholder or shareholders, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

The Board shall encourage the selection of a combination of competent executive and non-executive directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies.

The Company shall, as much as practicable, endeavor to ensure diversity in the Board, in terms of gender, age, ethnicity, skills, competence and knowledge.

Section 2. General Qualifications

In addition to qualifications required by the Corporation Code, Securities and Regulation Code, regulations issued by the SEC and other regulatory agencies, the Company By-laws and Corporate Governance Manual, the following are the minimum qualifications for directors :

- a. A stockholder of record in the books of the Corporation, owning at least one (1) share of the capital stock of the Corporation. He must continuously own at least one (1) share of stock during his term, otherwise he shall automatically cease to be a director.
- b. Have high educational attainment and/or sufficiently relevant experience in managing the business of the Corporation.
- c. Proven to possess a record of integrity and good repute.
- d. Must not possess any of the grounds for permanent disqualification of directors.

Section 3. Qualifications and Grounds for Disqualification of Independent Directors

To remain as an independent director, a person must at all times possess the general qualifications stated in in Section 2 above. A person becomes disqualified as an independent director upon any of the following grounds:

- i. Becomes an officer, employee or was employed by the company or any of its related parties or becomes affiliated with a company that acts as an advisor or consultant to the company or its related parties, or acted or would act in such capacity at any time during the past two years;
- ii. Renders or has rendered personal service contracts with the company, its related parties or its senior management at any time during the past five years;
- iii. Receives or has received any additional remuneration from the company apart from a director's remuneration;
- iv. Becomes a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by the company or its related parties as an executive officer;
- v. Such other disqualifications as may be provided in the Company's Corporate Governance Manual, by law and/or by SEC regulations.

Section 4. Disqualifications: Permanent and Temporary

The following are the grounds for disqualification of both regular and independent directors:

- a. Grounds for Permanent Disqualification
 - i. Conviction by final judgment by a Philippine or foreign court or any regulatory agency, for an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years, prior to the date of his election or any offense involving moral turpitude such as among others, fraud, embezzlement, counterfeiting, misappropriation, bribery, perjury and other fraudulent acts.
 - ii. Engaged or engages in any business which competes with or is antagonistic to that of the Corporation.
 - iii. Judicially declared insolvent by final judgment

- iv. Circumstances or acts that clearly demonstrate that the person is not a bonafide nominee and in fact is only a nuisance candidate, or clearly indicate that he does not have any good intentions for the Corporation.
- v. Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation,.
- vi. In consultation with the Nomination Committee, the Board may, from time to time, provide for additional qualifications, disqualifications and grounds for temporary disqualifications of a director, consistent with the Corporation Code, the Securities and Regulation Code and other relevant laws/ regulations, the Corporation's By-laws and the Corporate Governance Manual.
- vii. Other grounds as the SEC and any relevant law or regulation may provide.

b. Grounds for Temporary Disqualification

- i. Absence or non-participation in more than fifty percent (50%) of all meetings (both regular and special) of the Board of Directors, during his/her incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification shall apply for purposes of the succeeding election.
- ii. Dismissal or termination for cause as director of any publicly-listed company. The disqualification should be in effect until the director has been cleared from any involvement in the cause that gave rise to the termination or dismissal.
- iii. Beneficial equity ownership of an independent director exceeds two percent (2%) of its subscribed capital stock. The disqualification is lifted if the limit is later complied with.
- iv. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Part III. Nomination, Election or Appointment, Term of Office and Vacancies

Section 1. Nomination

Any shareholder shall have the right to nominate candidates for the Board. The procedure shall be as follows:

- a) Within a reasonable time prior to the deadline for submission of the names of nominees to the Board of Directors as provided in the By-Laws, Notice of Guidelines for Nomination (Notice) shall be issued by the Company advising them that stockholders may nominate any shareholders for election to the Board. The Notice shall be disclosed to both the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE),

b) The written nomination shall be submitted to the Nomination Committee (NomComm) through the Corporate Secretary on or before the deadline stated in the Notice which shall not exceed sixty (60) calendar days before the date of election of directors at the annual stockholders' meeting.

c) The NomComm shall meet as soon as practicable after the deadline for submission of nominations and shall pass upon the qualifications of the nominees and ensure that no person who is unqualified to be a nominee shall be considered for election. Only the names of qualified persons, as determined by the majority vote of the NomComm, shall be submitted in the final list of nominees for election.

Section 2. Election, Term of Office and Term Limits of Independent Directors

The members of the Board are elected annually during the annual stockholders meeting and shall hold office for a term of one (1) year, immediately upon their election.

An independent director may serve for a maximum of nine (9) consecutive years, starting from 2012. However, the Company must ensure that the shareholders' legal right to vote and be voted directors remains inviolable and the Company may retain any independent director who has served for nine (9) consecutive years, provided meritorious justifications exist and the shareholders are advised of such justifications during the annual shareholders' meeting.

Section 3. Vacancies and Removal from Office

Pursuant to the Company By-laws, any vacancy in the Board caused by resignation, disqualification, death or any other cause, except removal and expiration of term, may be filled by the majority vote of the remaining directors then in office, constituting a quorum, and each director so elected shall hold office for a term to expire at the next annual election of directors and until his successor shall be duly elected and qualified, or until his death or until he shall resign or shall have been removed in the manner herein provided.

Any director may be removed either with or without cause, at any time, by the affirmative vote of the stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock entitled to vote at a regular or a special meeting of the stockholders called for the purpose. The vacancy caused by any such removal may be filled by the stockholders at such meeting without further notice or at any regular or special meeting called for the purpose after giving notice as prescribed by the Corporation Code.

Part IV. Meetings

Section 1. Frequency

The regular meetings of the Board shall be held once every quarter of each year. Special meetings shall be held when called by the Chairman of the Board, or the President, or by the Corporate Secretary at the request of any two (2) directors.

Section 2. Notice of Meetings and Attendance

Notice of regular or special board meeting shall be mailed to each director addressed to him at his residence or usual place of business, at least twenty (20) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, email, facsimile or be delivered personally not later than five (5) days before the meeting. Notice may be waived in writing or by the mere presence of the director at the meeting. The notice shall state the time and place of the meeting, while board materials shall be distributed at least five (5) calendar days before the meeting.

Directors are encouraged to attend all Board meetings, either in person or via teleconferencing facility.

Section 3. Quorum

Majority of the number of directors specified in the Articles of Incorporation shall constitute a quorum for the transaction of business at any meeting, and the act of majority of the directors present at any meeting at which there is a quorum shall be valid as a corporate act.

Section 4. Who Shall Preside

Board meetings shall be presided by the Chairman of the Board, or in his absence, the President. In the absence of both the Chairman and the President, the remaining members of the Board constituting a quorum and by majority vote, may elect a director who will preside.

Section 5. Organizational Meeting

The Board of Directors shall meet for the purpose of organization, election of officers, Board Committee memberships and the transaction of other business as soon as practicable after each annual election of directors.

Section 6. Minutes of the Meetings

Minutes of the Board meetings and organizational meetings shall be taken and kept under the custody of the Corporate Secretary. Minutes shall be signed at least by the Chairman and the individual who has been assigned to take notes during the meeting.

Section 7. Compensation

Directors shall be entitled to reasonable per diems and such compensation as may be granted to them by the stockholders in accordance with the Company By-laws.

Part V. Responsibilities of the Board

Section. General Responsibilities.

The Board oversees the general business of the company. The entire Board is responsible for such supervision and oversight. The Board shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company and its business and its shareholders and stakeholders.

Section 2. Specific Duties and Functions

The following are the specific duties and functions of the Board:

- a) Install and implement a process of selection to ensure the election/appointment of competent directors, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
- b) Determine the Corporation's purpose, its vision and mission and formulate strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.
- c) Adopt and ensure the proper implementation and monitoring of compliance of a Code of Business Conduct and Ethics, properly disseminated to the Board, senior management and employees and disclosed and made available to the public through the Company website.
- d) Appoint competent, professional, honest and highly motivated management officers, and adopt an effective succession planning program for key officers and management.
- e) Ensure that the Corporation complies with all relevant laws, regulations and best business practices.
- f) Identify the Corporation's stakeholders and formulate a clear policy on communicating or relating with them and a process to obtain redress for the violation of their rights.
- g) Adopt a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting process. There should be a continuing review of the Corporation's internal control system to maintain its adequacy and effectiveness and ensure the integrity of financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders. A mechanism shall be set up for monitoring and managing potential conflicts of interest of the Management, Board and shareholders.
- h) Identify key risk areas and key performance indicators and monitor these factors with due diligence, and ensure that a sound Enterprise Risk Management framework is in place.
- i) Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and minutes of all such meetings shall be taken or recorded;

- j) Keep the activities and decisions of the Board within its authority and within the powers of the institution as prescribed in the Articles of Incorporation, By-laws and existing laws, rules and regulations;
- k) Formulate and implement group-wide policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board; and
- l) Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- m) Ensure that the remuneration of key officers and members of the Board are aligned with the long-term interests of the Company.
- n) Conduct an annual self-assessment of its performance, including the Chairman, individual members and the Board Committees. Every three (3) years, the assessment shall be supported by an external facilitator.
- o) Assess the performance of the Management based on established performance standards that are consistent with the Company's strategic objectives.
- p) Review the Board Charter and amend when necessary to comply with the provisions of law, SEC regulations or circulars or the Company Articles and By-laws.
- q) Perform such other duties and functions as may be required by law, the SEC and regulatory bodies, including the charters of the board committees and those that may be delegated to it by the stockholders.

Part VI. Board Positions

Section 1. Board Positions, Election or Appointment and Term of Office

During the annual organizational meeting, the Board shall, by a majority vote, elect a Chairman and President from among its members. In the same meeting, the Board shall also elect an Executive Vice President, Corporate Secretary, Treasurer and such other officers. In case of vacancies or the creation of new position, the Board by a majority vote, may elect or appoint the officers who will replace or occupy the vacant or new position. Any officer may be removed, by the majority vote of the Board.

Pursuant to the Company By-laws, such officers shall hold office for a period of one year from the organizational meeting or until his successor is elected and qualified in his stead, or until he shall have resigned or shall have been removed.

Section 2. Chairman

The Chairman is primarily responsible for the activities of the Board and its committee,; heshall act as the spokesman of the board and is the principal contact for the Executive Vice President (EVP). The EVP and the Chairman shall meet regularly. The Chairman presides over the Board and the stockholders' meetings. However, in the absence of the Chairman or upon his request, the President may preside.

The responsibilities of the Chairman are:

- a. To ensure that each member of the Board shall undergo or participate in corporate governance orientation or program, as needed.
- b. To ensure that board members receive all information necessary for them to perform their duties and would have sufficient time for consultation and decision making;
- c. To make sure that the Board, its members and the committees undergo assessment at least once a year;
- d. To determine the agenda of board meeting, chair such meeting and ensure that minutes of the meeting are kept:
- e. To perform such other duties as shall from time to time may be assigned to him by the Board, in accordance with the Company By-laws.

Section 3. President

Pursuant to the Company By-laws, the President shall have general care and supervision of the business affairs of the Company. His responsibilities include:

- a. In the absence of the Chairman or upon his request, preside at all meetings of the stockholders and of the Board.
- b. Sign with the Corporate Secretary or Assistant Corporate Secretary any or all certificates of stock of the Company.
- c. Provide the stockholders and the Board such reports, memoranda, accounts and data which may be required of him.
- d. Perform all duties incident to the office of the President and such other duties as may from time to time be assigned to him by the Board or as prescribed by the Company By-laws.

The President cannot concurrently hold the positions of Treasurer or Corporate Secretary.

Section 4. Executive Vice President

The Executive Vice President (EVP) may not be a director of the Company. The following are the responsibilities of the Executive Vice President, in accordance with the Company By-Laws:

- a. Subject to the control of the Board, exercise direct and active management of the business operations of the Company.
- b. Execute and implement the orders, resolution and policies of the Board.
- c. Submit such reports, memoranda, accounts and data which may be required of him by the President or the Board.
- d. Exercise such powers and perform such duties as may be incidental to his office or the management of the Company.

Section 5. Corporate Secretary

The Corporate Secretary shall be a Filipino citizen and resident of the Philippines. He must possess administrative and interpersonal skills as well as legal and some financial or accounting skills. The Corporate Secretary shall perform the duties and functions as provided by the Company By-laws, the Corporate Governance Manual and such other duties as may, from time to time, be assigned by the Board or by the President.

The Corporate Secretary shall see to it that the Board follows correct procedures and complies with its obligations under law and the Company's articles and By-laws. He shall assist the Chairman of the Board in organizing the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs).

Section 6. Treasurer

The Treasurer must be a resident of the Philippines. He shall perform the duties and functions as may be provided by applicable laws and regulations as well as the By-laws of the Company.

Section 7. Other Officers

Other officers may be appointed or elected by the Board who shall perform such duties and responsibilities as may be assigned by the Board.

Section 8. Compensation

The Board shall fix and approve the compensation and other benefits of the officers. Any director who is also an officer may also receive compensation and shall not be precluded from voting upon a resolution fixing the same.

Part VII. Committees

Section 1. Establishment of Committees

The Board may create committees to perform specific tasks. The Board shall establish an Executive Committee, Audit Committee, a Compensation Committee, a Corporate Governance Committee and Nomination Committee. The majority of all the members of the Board may, by resolution, create such other committees with such power and functions as may be delegated to them by the Board. The Board may also dissolve or replace the committees at any time by a majority vote.

Section 2. Appointment, Removal and Vacancies

The Board shall have the power to appoint the members of the committees, including the removal of any member at any time. Any vacancy shall be filled by the majority vote of the directors. The members shall hold office for a term to expire at the next organizational meeting or for the unexpired term of the predecessor if appointed as a replacement.

Section 3. Committee Reporting

The Board shall, as set forth in the Charter of the committee concerned, receive a report from the committee describing the committee's actions on such matters as may be assigned to it.

Section 4. Committee Charters

The Board shall establish Charters for each Committee.

The Charters shall indicate the role and responsibilities of the committee, its composition and how it should perform its duties and shall also include a provision on assessment of its performance. The respective charters may be amended or altered by the committees, but shall be effective only upon approval by the majority vote of the Board.

Section 5. Website Disclosure.

The charters and the composition of the Committees shall be posted on the Company's website.

Part VIII. Corporate Governance Orientation

Section 1. Corporate Governance Training

Before assuming his position, a director shall attend an orientation or training on corporate governance from duly SEC-accredited providers. Other than corporate governance matters, the training may include an orientation on any relevant specific aspects unique to the Company and its business activities.

Section 2. General Access and Recommendation on Training Courses

The Company shall provide general access to relevant training courses for its directors to keep them updated in their knowledge and understanding of its business. The Corporate Governance Committee may recommend or propose courses where the board members require further training or education.

Section 3. Costs

The costs of the corporate orientation or training shall be paid for by the company.

Part IX. Self-Assessment

Section 1. Conduct of Self-Assessment

The Board shall conduct an annual self-assessment of its performance, including the Chairman, individual members and the key officers. Board Committees shall separately conduct their self-assessment and results thereof shall be reported to the Board.

Section 2. Results of the Self-Assessment

The results of these evaluations shall be presented to the Corporate Governance Committee which then reports on all these assessments to the board. Whenever necessary, the Corporate Governance Committee may develop recommendations and/or an action plan for the Board to address issues raised, if there are any, as a result of such assessments. The Corporate Governance Committee shall monitor the progress of the Board in addressing issues identified in the assessment process.

Section 3. Rating System and Categories for the Conduct of Assessment

The Board may be guided by the rating system below:

<u>Score</u>	<u>Rating</u>
76 - 100	Excellent
51 - 75	Very Good
26 - 50	Satisfactory
1 - 25	Needs Improvement

The following categories may be considered in the assessment of the Board, individual members, the Chairman or the key officers.

Categories	Brief Description
1. Knowledge	In-depth information on the business trends and current business environment as well as, the direction of the Company and its mission, vision and values.
2. Risk Management	Understanding of the risks that the Company may be exposed to and the ability to address the said risks or vulnerabilities.
3. Meetings	The actions or decisions were arrived at by the Board or Committee as a collective body after considering the individual views of the members, with minimal or without any conflict. Every matter in the agenda is taken up. Attendance of the members are recorded.
4. Ethics, Oversight and Governance	Compliance with laws, rules and regulations, including its Corporate Governance Manual, Board Charter and other relevant Company policies and that the Company is properly managed through effective monitoring of the operational and financial results as well as the overall management. It includes implementation of the corporate strategy, policies and Corporate Governance Manual.
5. Transparency and Confidentiality	Transparency in business or share dealings and that personal interest must not be against that of the Company. It includes faithful compliance to relevant Company's policies and Code of Conduct as well the applicable laws and regulations pertaining to directors and corporate officers. Business or any corporate interests and strategy shall be kept confidential at all times.

Section 4. External Facilitator

The annual self-assessment shall, as practicable, be supported by an external facilitator every three years reckoned from the initial assessment. A feedback mechanism for stockholders may be considered.

Part X. Miscellaneous Provisions

Section 1. Duty to Disclose

A Board Member shall immediately report to the Chairman of the Board any conflict of interest and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board Member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

Section 2. Related Party Transactions

A potential conflict of interest exists if the Company intends to enter into a transaction with a related party. The Company shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. All transactions in which there are conflict of interest with Board Members shall be agreed on terms that are customary for arm's-length transactions in the Company's business. Decisions to enter into transactions in which there are conflict of interest with a Board Member require the approval of the Board.

Section 3. Dealing in Company's Shares

A Director is required to report to the Board within three (3) business days any dealings in the shares of stock of the Company.

Section 4. Access to Information and Confidentiality

Directors shall have free and full access to all relevant information, data and records of the Company. All information obtained, including those from discussions in the meetings or reports shall be kept confidential.

Section 5. Review and Amendment

This Charter may be reviewed as necessary. Any amendment to the Charter shall be approved by majority vote of the Board.

Section 6. Effectivity

This Charter shall take effect immediately upon approval by the Board.

Approved on August 23, 2018.

Approved by:

(Original Signed)
ANDREW R. HOAD
Chairman

(Original Signed)
EUSEBIO H. TANCO
President/Director

(Original Signed)
MATTHEW W. LEECH
Director

(Original Signed)
TEODORO L. LOCSIN, JR.
Director

(Original Signed)
ARTEMIO V. PANGANIBAN
Director

(Original Signed)
FELINO A. PALAFOX, JR.
Director

(Original Signed)
AHMAD YOUSEF AHMAD ALHASSAN AL SIMREEN
Director

(Original Signed)
MONICO V. JACOB
Director