



## CHARTER OF THE BOARD OF DIRECTORS

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# Charter of the Board of Directors

The Board of Directors (“Board”) of Anvaya Cove Golf and Sports, Inc. (the “Corporation”) hereby adopts this Charter.

## 1. Scope

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors, acting as a board, have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It shall be the Board’s responsibility to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the Corporation and to secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

## 2. Membership

### 2.1 Composition

The Board of Directors shall be composed of eleven (11) members who shall be elected by the Corporation’s stockholders entitled to vote at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.

The Corporation shall have at least two (2) independent directors or such independent directors as shall constitute at least one-third (1/3) of the members of the Board, whichever is higher. The independent directors shall be identified in the annual report of the Corporation.

The Board has to be composed in such a way that it possesses, as a group, the necessary knowledge, skills and experience required to properly perform its duties.

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

Each independent director shall hold no interests and relationships with the Corporation that may hinder his independence from the Corporation or management or interfere with his exercise of independent judgment in carrying out the responsibilities of a director. The Board’s independent directors should serve a maximum cumulative term of nine (9) years. Moreover, for purposes of compliance with the legal requirement on independent directors:

- a) Officers, executives and employees of the Corporation may be elected as directors but cannot and shall not be characterized as independent directors.
- b) If a director elected or appointed as an independent director subsequently becomes an officer or employee of the Corporation, the Corporation shall forthwith cease to consider him as an independent director.

- c) If the beneficial security ownership of an independent director in the Corporation or in its related companies shall exceed two percent (2%), of any outstanding class of shares of the Corporation or two percent (2%) of any outstanding class in any of its related companies, the Corporation shall forthwith cease to consider him as an independent director until the beneficial security ownership of the director is reduced to two percent (2%) or lower.
- d) A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an independent director after a two (2) year “cooling off period”.
- e) Persons appointed as Chairman “Emeritus”, “Ex-Officio” directors/officers or Members of any Executive/Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties shall be subject to a two (2)-year cooling-off period prior to his qualification as an independent director.
- f) The Board shall designate a lead independent 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 (1) person to ensure independent views and perspectives and avoid the abuse of power and authority, and potential conflict of interest.

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

- i. Serving as an intermediary between the Chairman and the other directors when necessary;
- ii. Convening and chairing meetings of the non-executive directors; and
- iii. Contributing to the performance evaluation of the Chairman, as required.

The Corporation shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties for such committees. Independent directors may, when necessary, also request and receive support from executive, employees or outside professionals such as auditors, advisers and counsel to perform such duties. The Corporation shall cover the reasonable expenses of providing such support.

An independent director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, Management or controlling shareholder at the time of his election or re-election as a director.

## **2.2 Policy on Multiple Board Seats**

- a) A director shall exercise due discretion in accepting and holding directorship outside of the Corporation. A director may hold any number of directorship outside of the Corporation, *provided that*, in the director’s opinion, these other positions do not detract from the director’s capacity to diligently perform his duties as a director of the Corporation. However, non-executive directors of the Board should not concurrently serve as directors to more than ten (10) public companies and/or registered issuers. However, the maximum directorship shall be five (5) public companies and/or registered issuers if the director also sits in at least three (3) publicly-listed companies.

- b) Any limitations in the number of directorship outside the Corporation shall not include directorships in the Corporation's subsidiaries, affiliates, parent company, and affiliates and subsidiaries of the parent company.
- c) A director should notify the Board where he is an incumbent director before accepting a directorship in another company.

### **2.3 Election of Directors**

The directors shall be elected by a majority of the Corporation's outstanding capital stock at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.

Pursuant to the Revised Corporation Code, any shareholder, including minority shareholders, shall have the right to nominate candidates to the Board. All nominations shall be submitted to the Corporate Governance and Nomination Committee by any stockholder of record on or before August 15 of each year to allow the Corporate Governance and Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees.

For the election of directors, it is necessary for stockholders owning more than fifty percent (50%) of the outstanding and issued capital to be present or represented.

No person shall be elected nor be competent to hold the office of Director unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

The election of directors shall be by ballot and stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the Corporation. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: *Provided*, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Corporation multiplied by the whole number of directors to be elected: *Provided, however*, That no delinquent stock shall be voted.

The Office of the Corporate Secretary shall supervise the election of directors.

Directors shall hold office for the term of one (1) year or until their successors are elected and qualified in accordance with the By-Laws.

### **2.4 Vacancy**

Any vacancy or vacancies should occur on the Board other than by removal or expiration of term may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

## **2.5 Compensation**

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

## **3. Board Independence and Conflict of Interest**

The personal interest of directors and officers should never prevail over the interest of the Corporation. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of all shareholders and the Corporation without regard to their own personal and selfish interests.

If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision making. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.

No person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business which competes with or is antagonistic to that of the Corporation in accordance with the Corporation's By-laws.

The non-executive directors should have separate periodic meetings without any executive director present to ensure that checks and balances are in place within the Corporation.

A director shall observe the confidentiality of non-public information acquired by reason of his position as a director. He should not disclose any information to any other person without the authority of the Board.

## **4. Duties and Responsibilities**

The Board shall have the following duties responsibilities:

- a) Properly discharge Board functions by meeting regularly. Independent views during Board meetings should be given due consideration and all such meetings shall be minuted;
- b) Constitute the Committees set forth in this Manual;
- c) Select and appoint a President/CEO and other senior officers with the appropriate level of motivation, integrity, competence and professionalism;
- d) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- e) Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance;
- f) Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- g) Ensure that the Corporation complies with all relevant laws, regulations and as far as possible best business practices;

- h) Formulate a clear communication and disclosure strategy to promptly and regularly communicate with the Commission and the Corporation's stakeholders on matters of importance;
- i) Adopt a system of internal checks and balances, which may be applied in the first instance to the Board. Such systems shall be regularly reviewed and updated for effectiveness;
- j) Identify and monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas;
- k) Be primarily responsible to the stockholders for financial reporting and control, and provide all stakeholders relevant and timely information about the Corporation, including an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the Commission, and maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
- l) Recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- m) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense, which shall be reasonable;
- n) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest and highly-motivated management officers; adopt an effective succession planning program for Management;
- o) Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- p) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, affiliates, major stockholders, officers and directors, including their spouses, children, and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- q) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or difference between the Corporation and its stockholders and the Corporation and third parties, including the regulatory authorities;
- r) Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing regulations;
- s) Appoint a Compliance Officer in accordance with the requirements of applicable laws and regulations;
- t) Create an internal self-rating system and conduct an annual performance assessment of the Board, its individual members, its committees, the President and CEO, and Management;
- u) Ensure that all directors, executives and employees adhere to the Corporation's Code of Ethics.

The Board shall be guided by the Corporation's mission and vision in the fulfillment of its functions.

#### **4.1 The Chairman of the Board**

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

- a. Schedule meetings to enable the Board to perform its duties responsibility while not interfering with the flow of the Corporation's operations;
- b. Prepare the meeting agenda in consultation with the CEO;
- c. Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- d. Assist in ensuring compliance with the Corporation's guidelines on corporate governance.

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

The Chairman of the Board shall ensure that each director is allowed to freely express his opinions about any matter being discussed.

#### **4.2 The President/Chief Executive Officer**

Minimum internal control mechanisms for management's operational responsibility shall center on the President/Chief Executive Officer (CEO), being ultimately accountable for the Corporation's organizational and procedural controls. In addition to the duties imposed on him by the By-Laws and the Board of Directors, the President shall:

- a. Have general supervision of the business, affairs, and property of the Corporation, and over its employees and officers;
- b. See that all orders and resolutions of the Board of Directors are carried into effect;
- c. Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs;
- d. Report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice.

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

#### **4.3 The Vice-President**

The Vice-President shall act in place of the President in case of resignation, absence or incapacity of the latter. He shall perform such functions as may be delegated to him by the President or by the Board of Directors.



#### **4.4 The Treasurer**

The Treasurer of the Corporation shall have charge of the funds, securities, receipts and disbursements of the Corporation. In addition to the duties specified in the By-Laws, the Treasurer shall have the following functions:

- a. Deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board may from time to time designate;
- b. Regularly and at least every quarter render to the President or to the Board an account of the fund condition of the Corporation and of all his transactions as such;
- c. Ensure funds availability on a timely basis and at the most economical means;
- d. Optimize yields in temporary excess funds;
- e. Ensure appropriate coverage and management of risk to resources.

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

#### **4.5 The Chief Finance Officer**

The Chief Finance Officer shall be appointed by the Board of Directors. The CFO, who may also be the Treasurer of the Corporation shall, in addition to the duties specified in the By-Laws, be responsible for the following:

- a. Provide management with accurate, relevant, and timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- b. Maintain the integrity of accounting records as the basis of financial statements and reports provided to management for decision-making and to government regulatory bodies in compliance with statutory requirements;
- c. Strengthen internal controls by monitoring compliance with policies and recommend to management appropriate actions and changes in systems and procedures as necessitated by circumstances.

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

#### **4.6 The Corporate Secretary**

The Corporate Secretary shall be a resident and citizen of the Philippines and should be a separate individual from the Compliance Officer. He should not be a member of the Board of Directors and should annually attend trainings on corporate governance. He is an officer of the Corporation and his loyalty to the mission, vision and specific business objectives of the Corporation comes with his duties. Considering his varied functions and responsibilities, he must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. He must also have some financial and accounting knowledge.

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

- a. Serve as an adviser to the directors on their responsibilities and obligations;
- b. Keep the minutes of meetings of the stockholders, the Board of Directors, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
- c. Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- d. Have charge of the stock certificate book and such other books and papers as the Board may direct;
- e. Attend to the giving and serving of notices of Board and shareholder meetings;
- f. Be fully informed and be part of the scheduling process of other activities of the Board;
- g. Prepare an annual schedule of board meetings and the regular agenda of meetings, and put the Board on notice of such agenda at every meeting;
- h. Oversee the adequate flow of information to the Board prior to meetings;
- i. Ensure fulfillment of disclosure requirements to the Commission.
- j. Be loyal to the mission, vision and objectives of the Corporation;
- k. Work fairly and objective with the Board, Management, stockholders and other stakeholders;
- l. Have appropriate administrative and interpersonal skills;
- m. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- n. Ensure that all Board procedures, rules and regulations are strictly followed by the members.

The Corporate Secretary shall have such other responsibilities as the Board of Directors and the Commission may impose upon him.

The Board shall have separate and independent access to the Corporate Secretary.

#### **4.7 The Compliance Officer**

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He should not be a member of the Board of Directors and should attend a training on corporate governance. He shall perform the following duties:

- a. Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with this Manual, the relevant laws, Corporate Governance for Public Companies and Registered Issuers, rules and regulations and all governance issuances of regulatory agencies;
- b. Report to the Board if violations are found and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

- c. Ensure the integrity and accuracy of all documentary and electronic submissions as may be allowed under the rules and regulations of the Commission;
- d. Appear before the Commission when summoned in relation to compliance with the Corporate Governance for Public Companies and Registered Issuers and other relevant rules and regulations;
- e. Collaborate with other departments within the Corporation to properly address compliance issues, which may be subject to investigation;
- f. Identify possible areas of compliance issues and works towards the resolution of the same.
- g. Ensure the attendance of Board members and key officers to relevant trainings;
- h. Issue a certification every January 30<sup>th</sup> of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same;
- i. Provide the Commission at the end of every fiscal year with a sworn certification that the requirement for independent directors and their attendance at meetings in accordance with Section II (7) of SEC Memorandum Circular No. 2 has been complied with. The said certification may be submitted with the Corporation's current report (SEC Form 17-C) or on a separate filing;
- j. Perform such other duties and responsibilities as may be provided by the Board and the Commission.

The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C.

#### **4.8 Board Committees**

The Board may create such committees (each a "Board committee") as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws and to aid in good governance.

The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.

The Board shall adopt for each Board committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.

The Board shall constitute an Executive Committee, an Audit and Risk Oversight Committee, a Corporate Governance and Nomination Committee, and Membership Committee.

## 5. Resolutions and Actions

### 5.1 Meetings, Quorum and Actions

- a. The Board may hold regular meetings at such time and place and upon such notice as the Board of Directors may, by resolution, prescribe. Special meetings of the Board of Directors may be called by the President or, in his absence, by the Vice President or upon the written request of a majority of the directors.

The Board shall meet in person, teleconference or videoconference or by any other technological means conducted in accordance with the rules and regulations of the Securities and Exchange Commission ("Commission").

- b. A majority of the elected directors shall constitute a quorum for the transaction of business.
- c. Directors are encouraged to attend all Board meetings, either in person, teleconference or videoconference or by any other technological means conducted in accordance with the rules and regulations of the Commission. A minimum attendance of more than 50% for all Board meetings shall be required for a director to be eligible for re-election except in cases where a director contracts illness, death in the immediate family, serious accident or unforeseen or fortuitous events.
- d. Notice of Board meetings may be given by any customary means of communication (e.g. by e-mail, in writing, by telephone, by telefax, etc.). The notice shall specify the time and place of the meeting and include a detailed agenda. As a rule to the extent possible.
- e. Board meetings shall be chaired by the Chairman of the Board or, in his or her absence, by the President or a member chosen by the other members present.
- f. In any Board meeting, decisions may be made on matters not included on distributed meeting agenda only if there are no objections posed by any member of the Board.
- g. Minutes of the Board meetings shall be taken and recorded by the office of the Corporate Secretary. Minutes shall be signed by the chairman of the meeting and by the secretary of the meeting.
- h. In order to properly perform its function, the Board may engage the services of auditors, legal advisers, as well as internal and external consultants, if it deems necessary. The Chairman of the Board may allow such resource persons to attend Board meetings.
- i. The charter of the Board, number of Board meetings and attendance of members at Board meetings shall be disclosed in the Corporation's annual report.

## **5.2 Minutes**

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

## **6. Miscellaneous**

### **6.1 Access to Information**

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

### **6.2 Technical Assistance**

The Corporate Secretary, the Management and all personnel of the Corporation shall provide assistance and support to the Board.

The Board may also invite such members of Management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

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

### **6.3 Records/Confidentiality**

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

### **6.4 Annual Review/Self-Evaluation**

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

### **6.5 Effectivity**

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

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#### Document Information

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