

CHARTER OF THE BOARD OF DIRECTORS OF BENGUET CORPORATION

In accordance with Benguet Corporation's ("BC," the "Company", or "the Corporation") thrust to strengthen its corporate governance ("CG") culture, the Board of Directors ("Board") hereby adopts this Charter of the Board of Directors ("Board Charter").

Purpose of the Board Charter

The Board Charter shall formalize and clearly state the Board's roles, responsibilities and accountabilities in carrying out its fiduciary duties and serve as a guide to the directors in the performance of their functions. The Board Charter shall supplement the Corporation's By-Laws, Manual of Corporate Governance and Code of Ethical Conduct in upholding good CG within BC's corporate culture, which begins at the Board level.

The adoption of this Charter also reinforces the Corporation's strict adherence to applicable rules and regulations of the Philippine Securities and Exchange Commission ("SEC" or the "Commission") and the Philippine Stock Exchange ("PSE"), among other regulatory bodies, as well as other relevant laws.

The Board Charter shall be made publicly available and posted on the BC's website. It shall be subject to review and be updated as necessary.

ARTICLE I THE BOARD OF DIRECTORS

Benguet Corporation shall be headed by a competent, working board to foster the long-term success of the company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders. The Board is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management.

1. COMPOSITION OF THE BOARD

- a. The amended By-Laws of the Company provides that the Board shall consist of eleven (11) members who must be from among the stockholders and who shall be nominated and elected at the regular annual meeting of the stockholders.¹ There shall be at least three (3) independent directors to be nominated and elected in the Board, or such number as to constitute at least one-third of the members of the Board.
- b. The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help provide

¹ Section 1, Article III, Amended By-Laws of Benguet Corporation

objective, independent judgment on corporate affairs and to enforce proper checks and balances.

- c. Seven (7) directors shall represent the holders of Convertible Preferred Class A and Common Class A stocks and four (4) directors shall represent the holders of Common Class B stock.
- d. The President of the Company shall at all times be a member of the Board of Directors. The Board of Directors shall have the right, from time to time, to elect from among its own members the person who is to be the Chairman of the Board.

2. QUALIFICATIONS OF BOARD MEMBERS

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the following additional qualifications for membership to the Board are required:

- a. Holder of at least one (1) share of stock of the Company;
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- c. He shall be at least twenty-one (21) years old;
- d. He shall have proven to possess integrity and probity;
- e. He shall have practical understanding of the business of the Company or have previous business experience;
- f. If he is a member of a professional organization, he shall maintain good membership standing; and
- g. He shall be assiduous.

3. DISQUALIFICATIONS OF BOARD MEMBERS

a. Permanent Disqualifications.

The following are the grounds for permanent disqualification of persons from becoming members of the board:

- i. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP)

or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

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

iii. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

iv. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;

v. Any person judicially declared as insolvent;

vi. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;

vii. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and

viii. Other grounds as the SEC may provide.

b. Temporary Disqualifications

The following are grounds for temporary disqualifications of incumbent member of the Board:

i. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his 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. The disqualification should apply for purposes of the succeeding election;

ii. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

iii. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and

iv. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

4. FILLING VACANCIES.²

Any vacancy occurring in the Board of Directors may be filled for the unexpired term by a majority vote of the remaining members of the Board, upon nomination by the directors who had been nominated and elected by the same class or classes of stockholders who had nominated and elected the director whose unexpired term is being filled. In the event of the membership of the Board falling below the number necessary for a quorum, a special meeting of the stockholders shall be called and such number of Directors as may be necessary to restore the full membership of the Board shall be nominated and elected thereat by the same class or classes of stockholders who had nominated and elected the directors whose unexpired terms are being filled.

5. INDEPENDENT DIRECTOR

a. Definition.

An independent director is a person who is independent of management and the controlling shareholder, and is free from any business or other relationship

² Sec 2, Article III of the Amended By-Laws of Benguet Corporation

which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

b. Qualifications.

The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An Independent Director refers to a person who, ideally:

- i. Is not, or has not been a senior officer or employee of the company unless there has been a change in the controlling ownership of the company;
- ii. Is not, and has not been in the three years immediately preceding the election, a director of the company; a director, officer, employee of the company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the company's substantial shareholders and its related companies;
- iii. Has not been appointed in the company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- iv. Is not an owner of more than two percent (2%) of the outstanding shares of the company, its subsidiaries, associates, affiliates or related companies;
- v. Is not a relative of a director, officer, or substantial shareholder 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;
- vi. Is not acting as a nominee or representative of any director of the company or any of its related companies;
- vii. 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;
- viii. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the 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 years immediately preceding the date of his election;
- ix. 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 the company 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;
- x. Is not affiliated with any non-profit organization that receives significant funding from the company or any of its related companies or substantial shareholders; and
 - xi. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

Related companies, as used in this section, refer to (a) the entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

c. Lead Director.

The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

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

- i. Serves as an intermediary between the Chairman and the other directors when necessary;
- ii. Convenes and chairs meetings of the non-executive directors; and
- iii. Contributes to the performance evaluation of the Chairman, as required.

d. Nomination and Election.³

The Nomination Committee shall conduct the nomination of independent directors prior to every stockholders' meeting. The nomination shall be submitted in writing to the Corporate Secretary not later than forty-five (45) days prior to the date of the meeting. The recommendation shall be signed by the nominating stockholders together with the acceptance and conformity by the nominee. The Nomination Committee shall screen the qualifications of all candidates for independent directors and shall prepare a final list of candidates which shall contain all the information about the nominees and the names of the stockholders who recommended the nominees including their relationship with the nominees. Only nominees whose names appear on the final list of candidates shall be eligible for election as independent director. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

e. Tenure of Office.

The Board's independent directors can serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for

³ Sec. 1.1, Article III Amended By-Laws of Benguet Corporation

nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

ARTICLE II BOARD MEETINGS AND QUORUM REQUIREMENTS

1. REGULAR MEETINGS.⁴

Regular meetings of the Board of Directors shall be held monthly on the first Monday of each month or such other day in the month as may be designated by the President or other presiding officer. Meeting may be held either in the Philippines or in the United States, and the President or other presiding officer shall designate the place.

2. SPECIAL MEETINGS.⁵

Special meetings of the Board of Directors shall be held at any time and place at the call of the President of the Company, or upon written demand of three (3) Directors made upon the President of the Company. Notice of such special meetings shall be given at least one day prior to the date of such meetings.

3. QUORUM.⁶

A majority of the Directors shall constitute a quorum for the transaction of Company business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a Company act; provided, however, that the issuance of additional shares of stock of any class shall not be valid as a Company act unless approved by the affirmative vote of a majority of the directors nominated and elected by holders of Convertible Preferred Class A Stock and of Common Class A Stock, and the affirmative vote of a majority of the directors nominated and elected by holders of Common Class B Stock.

4. ATTENDANCE.

The members of the Board shall attend and actively participate in all regular and special meetings of the Board and its Committees, in person or through teleconferencing and videoconferencing (i.e. conferences or meetings through electronic medium or telecommunications where the participants who are not physically present are located at different local or international places) conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.

5. Independent Directors should always attend Board meetings but their absence will not affect the quorum requirement.

⁴ Section 3, Article III, Amended By-Laws of Benguet Corporation

⁵ Section 4, Article III, Amended By-Laws of Benguet Corporation

⁶ Section 5, Article III, Amended By-Laws of Benguet Corporation

6. A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.
7. The non-executive directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.
8. The Company shall submit to the Commission, on or before January 30 of the following year, a sworn certification as to the attendance of the directors during Board meetings. The certification shall be submitted through SEC Form 17-C or in a separate filing.

ARTICLE III DUTIES AND RESPONSIBILITIES OF THE BOARD

It shall be the Board's responsibility to promote the long-term success of the Company and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

A. GENERAL RESPONSIBILITIES OF THE BOARD

To insure a high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following responsibilities:

- a. Install a process of selection to ensure a mix of competent directors and officers. Appoint competent, professional, honest and highly-motivated management officers;
- b. Ensure and adopt an effective succession planning program for directors, key officers and management;
- c. Determine the Company's purpose, its vision and mission and strategies to carry out its objectives; Establish programs that can sustain its long-term viability and strength; Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- d. Ensure that the Company complies with all relevant laws, regulations and codes of best business practices;
- e. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;

- f. Adopt a system of accurate, timely and effective communication towards the sectors in the community or areas affected in which the Company operates;
- g. Adopt a system of internal checks and balances;
- h. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- i. Adopt a system that ensure the integrity and transparency of related party transactions between the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationship by members of the Board;
- j. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- k. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
- l. Properly discharge Board functions by meeting regularly;
- m. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and
- n. Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.
- o. Primarily responsible for approving the selection and assessing the performance of the management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive);
- p. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.
- q. Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks.

- r. Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.
- s. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

B. SPECIFIC RESPONSIBILITIES OF EACH DIRECTOR

- a. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. Compliance with the principles of good corporate governance shall start with the Board of Directors.
- b. A director shall observe the following norms of conduct:
 - i. To act in a fully-informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its shareholders;
 - ii. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions;
 - iii. To devote time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business;
 - iv. Should attend and actively participate in all meetings of the Board, Committees, and Shareholders;
 - v. To act judiciously;
 - vi. To exercise an objective and independent judgment on all corporate affairs;
 - vii. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of other regulatory agencies; and
 - viii. To observe confidentiality.
 - ix. To apply high ethical standards, taking into account the interests of all stakeholders.
- c. The non-executive directors of the Board should concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

ARTICLE IV GOVERNANCE POLICIES AND PRINCIPLES

1. BOARD DIVERSITY

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. As a board diversity policy, no director or candidate for directorship shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality, or political, religious or cultural backgrounds.

2. POLICY ON MULTIPLE BOARD SEATS

- a. The Board shall consider the following guidelines in the determination of the number of directorships of the members of the Board:
 - i. The nature of the business of the corporations which he is a director;
 - ii. Age of the director;
 - iii. Number of directorship/active memberships and officerships in other corporations or organizations; and
 - iv. Possible conflict of interest.
- b. The Chief Executive Officer (CEO) and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent or non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised. The optimum number shall be related to the capacity of a director to perform his duties diligently in general.
- c. A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company. The non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.

- 3. DEALINGS IN SECURITIES.** The Company prohibits directors, officers and employees from dealing in Company shares while in possession of material non-public information. Directors and officers are enjoined to disclose/report to the Company their dealings in Company's shares within 3 trading days from the date of the transaction to enable the filing of the required disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, among other regulatory agencies.

4. CONFLICT OF INTEREST

All directors and employees of the Company must uphold the best interest of the Company at all times and must not act based on personal considerations that may affect the exercise of independent judgment, or the objective and effective performance of their work. All

directors and employees must disclose all potential conflicts of interest. Directors and employees must disclose any financial interest or benefit from any transaction involving the Company, including intention to pursue corporate opportunity, to ensure that all potential conflicts of interest are brought to the attention of the appropriate Board-delegated body.

5. COMPENSATION

- a. The levels of remuneration of the Company shall be sufficient to be able to attract and retain the services of qualified and competent directors and officers, aligned with the long-term interest of the company;
- b. The Amended By-Laws of the Company provides the duties and responsibilities of the Board regarding compensation of officers and titled positions. That the Board of Directors shall, from time to time, fix the compensation of the persons who hold officerships and titled positions in the Company; and the Board of Directors shall have the right to delegate this duty of fixing the compensation to the President of the Company, with the recommendation of the Salary Committee, excepting as to the President's compensation which must be fixed by the Board of Directors.
- d. The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that shall be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

6. PERFORMANCE ASSESSMENT

- a. The Board should regularly carry out a periodic review and assessment of the Board's performance as a body, the board committees, the individual directors, and the Chairman, and assess whether it possesses the right mix of backgrounds and competencies.
- b. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.
- c. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.
- d. The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

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

7. ORIENTATION AND CONTINUING EDUCATION FOR DIRECTORS⁷

- a. All new directors joining the Board are required to undergo an orientation program to familiarize themselves of the their statutory/fiduciary roles and responsibilities under the law, the Company's Articles and By-laws and in the Board and Committees. The orientation is to ensure that they are properly apprised of the Company's strategic plans, enterprise risks, group structure, business activities, Code of Business Conduct and this Corporate Governance Manual.
- b. All directors are also encouraged to participate in continuing education program or attend training, annually, to ensure that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company.

8. STRATEGIC PLANNING.

- a. The Board shall adopt a strategy execution process that facilitates effective management performance attuned to the Company's business environment and culture.
- b. Management Advisory Board has been created tasked to specifically accelerate and immediately support the Company's short-term operational and profitability plan and strategic long-term sustainability plan. It shall review, at least annually, the strategic plans of the management.

ARTICLE V EFFECTIVITY AND AMENDMENTS

- 1. This Charter shall take effect immediately after Board approval.
- 2. Any amendment or supplement to this Charter shall be subject to approval by the Board of Directors.

⁷ In accordance with SEC Memorandum Circular No. 19, Series of 2016 or the 2016 Code of Corporate Governance, orientation programs and trainings for first-time directors shall be for at least eight (8) hours, while the annual corporate governance continuing training program/s shall be for at least four (4) hours.