



ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. BOARD CHARTER

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I. OPERATION OF THE BOARD

A. RESPONSIBILITIES of the BODY

In addition to the Roles and Responsibilities prescribed by the Revised Corporation Code, the following shall be the responsibilities of the Board:

1.1 General Responsibility of the Board for Good Governance

- a) Compliance with the principles of good governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

To ensure good governance of the Corporation, the Board shall formulate and continuously review the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. The Board shall review the vision and mission statement of the Corporation every year, and shall oversee the implementation of the corporate strategy.

- b) To the extent set forth above, the Board of Directors shall orient all its activities towards three general guidelines:
- b.1) All actions taken by the Board are subject to the principle of legal permissibility. They must therefore not infringe on the appropriate provisions of Philippine law and the Corporation's constitutive documents.
- b.2) All actions taken by the Board are subject to the principle of economic usefulness. They should accordingly contribute to increasing the value of the Company in a sustainable manner.
- b.3) The Board should, when carrying out its duties, be aware of its duty as the governing body of the Company.
- c) The Board shall ensure the presence and adequacy of internal control mechanisms for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
- c.1) Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system.



**ASIA - PACIFIC
MEDICAL CENTER
BACOLOD, INC.**
Formerly Allied Care Experts Medical Center-Bacolod, Inc.

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- c.2) Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
- c.3) Appointing a CEO with the appropriate ability, integrity, and experience to fill the role; and defining the duties and responsibilities of the CEO;
- c.4) Reviewing proposed senior management appointments;
- c.5) Ensuring the selection, appointment and retention of qualified and compete human resources policies, compensation plan and the management succession plan;
- c.6) Institutionalizing the internal auditfunction;
- c.7) Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

1.2 Specific Responsibilities of each Director

In addition to the duties and responsibilities of a Director set forth in the Corporation's By- Laws and existing relevant statutes, a Director shall:

- a) Be one of trust and confidence. He should act in the best interest of the Corporation, the stockholders and other stakeholders in a manner characterized by transparency, accountability and fairness. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress over the long term.
- b) Conduct fair business transactions with the corporation and ensure that personal interest does not bias Board decisions. A Director shall 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 may compromise his impartiality.

He should observe the conflict of interest policy stated in this Manual and Code of Conduct and Ethics.

- c) Devote time and attention necessary to properly discharge his duties and responsibilities. A Director should attend and actively participate in Board meetings.



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- d) Act judiciously. Before deciding on any matter brought before the Board of Directors, every Director should evaluate the issues, ask questions and seek clarifications as appropriate.
- e) Exercise independent judgment. A Director should view each problem/situation objectively and support plans and ideas which he believes are beneficial to the Corporation.
- f) Have a working knowledge of the statutory and regulatory requirements affecting the corporation. This includes a firm knowledge of the contents of the articles of incorporation and by-laws of the Corporation and the amendments thereof, the requirements of the SEC for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies.
- g) Observe confidentiality. 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.
- h) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Each Director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.
- i) Orientation and Continuing Education Programs for Directors. Prior to assuming office, all new Directors shall undergo orientation program on the Corporation's business and corporate structure, its vision, mission and corporate strategy, the By-laws and Manual of Corporate Governance, and other relevant matters essential for the effective performance of their duties and responsibilities.

Directors shall likewise attend a seminar on corporate governance which shall be conducted by training providers that are duly accredited by the SEC. If necessary, funds shall be allocated by the Corporation for this purpose.

B. RESPONSIBILITIES OF OFFICERS

1. Chairman

The following are the responsibilities of the Chairman:

- a) Presides at the meetings of the directors and stockholders;
- b) Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- c) Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- d) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- e) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- f) Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors; and
- g) Makesure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

2. Vice-Chairman of the Board

- a) Take the function of the Chairman in his absence or incapacity to perform his duty. He can also be assigned other responsibilities by the Board.

3. President - The President, who shall be a director, shall be the Chief Executive of the corporation and shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- a) To preside at the meetings of the Board of Directors and of the Stockholders in the absence of the Chairman of the Board of Directors;
- b) To initiate and develop corporate objectives and policies and formulate long and short- range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation.



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- c) To have general supervision and management of the business affairs and property of the corporation;
- d) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;
- e) Subject to guidelines prescribed by law and after approval by the majority of the Board of Directors, to appoint, remove, suspend or discipline officers and employees of the corporation, prescribed their duties, and determine their salaries;
- f) To oversee the preparation of the budgets and the statement of account of the corporation;
- g) To prepare such statement and reports of the corporation as may be required of him by law;
- h) To represent the corporation at all functions and proceeding;
- i) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors except as otherwise directed by the Board of Directors;
- j) To make reports to the Board of Directors and stockholders;
- k) To sign certificates of stock;
- l) Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- m) Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- n) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- o) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;



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- p) Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors;
- q) Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary and
- r) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

As CEO under the Manual on Corporate Governance:

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

4. Vice President - In the absence of the President, the Vice-President shall act in his place and perform his duties. The President may at his request or in his disability, delegate any or all his power duties and function to the Vice-President. The Vice- President shall also perform such other duties as to time to time be assigned to him by the president.



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- 5. Secretary** - the Secretary must be a resident and a citizen of the Philippines. He shall be the custodian of and shall maintain the corporate books and records and shall be the recorder of the corporation's formal actions and transactions. He shall have the following specific powers and duties:
- a) To record or see to the proper recording of the minutes and transaction of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by Law;
 - b) To keep or cause to be kept record books showing details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;
 - c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature;
 - d) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;
 - e) To certify such corporate acts, countersign corporate documents, certificate, and make reports or statement as may be required of him by law or by government rules and regulation;
 - f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote., the shares of stock represented at the meeting, the existence of quorum, the validity and effect of proxies, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and function to any other persons or person, subject always to his supervision and control;
 - g) Assists the Board and the Board committees in the conduct of their meetings (i.e., agenda setting, preparation of annual schedule of meetings and board calendar);
 - h) Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders, as well as other official record of the corporation.
 - i) Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;



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- j) Works fairly and objectively with the Board, Management and shareholders and contributes to the flow of information between the Board and Management, the Board and its committees., and the Board and its shareholders/members as well as other stakeholders;
- k) Advises on the establishment of board committees and their terms of reference;
- l) Informs members of the Board, in accordance with the by-Laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that. the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that. require their approval;
- m) Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- n) Performs all required administrative functions;
- o) Oversees the drafting of the by-Laws and ensures that they conform with regulatory requirements; and
- p) Performs such other duties and responsibilities as may be provided by the Board and the Commission.

6. Assistant Secretary - in the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duty. The Secretary may, subject always to his supervision and control, delegate any and all of his powers, duties and function to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may from time to time be assigned to him by the Board of Directors.

7. Treasurer - the Treasurer of the corporation shall be the custodian of its funds, securities and property. The Treasurer shall have the following duties;

- a) To keep full and accurate accounts of receipts and disbursements in the Books of the corporation;
- b) To have custody of, and be responsible for, all the funds, securities and Bonds of the corporation;



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- c) To deposit in the name and to the credit of the corporation in such Bank as may be designated from time to time by the Board of Directors all the moneys, funds, securities, bonds, and similar valuables belonging to the corporation which may come under his control;
- d) To render an annual statement showing the financial condition of the Corporation and such other financial reports as the Board of Directors, The Chairman, or the President may from time to time;
- e) To prepare such financial reports, statement, certifications, and other Documents, which may, from time to time be required by government rules and regulations and to submit the same to the proper Government agencies;
- f) To exercise such powers and perform such duties and function as maybe assigned to him by the President.

8. Assistant Treasurer - in the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Treasurer may, at his request or in his disability, delegate any or all of his powers, duties and function to the Assistant Treasurer. The Assistant Treasurer shall also perform such other duties as may time to time be assigned to him by the President.

LEAD Director

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

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

- a. Serves as an intermediary between the Chairperson and the other directors when necessary;
- b. Convenes and chairs meetings of the NEDs; and
- c. Contributes to the performance evaluation of the Chairperson as required.

C. MEETINGS

1. Board Meetings

- a) Regular Meetings - Regular meeting of the Board of Directors shall be held once every month on such date, time and place as Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors and shall be at such places as may be designated in the notice.
- b) Board Attendance - Each director must attend at least 50% of all the board meetings held during the year.
- c) Organizational Meetings -The Board of Directors shall meet for the purpose of organization, election of officers and the transaction of other business, as soon as practicable after each annual election of directors or on the same day, and if practical at the same place at which regular meetings of the stockholders are held.
- d) Notice of Meetings - Notice of meetings may be sent to all directors or trustees through electronic mail, messaging service or such other manner as may be provided in the bylaws or by board resolution.

Notice of regular or special meetings stating the date, time and place of the meeting must be sent to every director or trustee at least five (5) days prior to the scheduled meeting, unless a longer time is provided in the bylaws. A director or trustee may waive this requirement, either expressly or impliedly.

The notice of meetings shall include the following information:

- i. The date, time and place of the meeting;
- ii. The agenda of the meeting;
- iii. All pertinent materials for discussion which shall be numbered and marked in such manner that the director or trustee can easily follow and participate in the meeting;
- iv. That a Director may participate via remote communication;
- v. Contact information of the Corporate Secretary or office staff whom the director may communicate;
- vi. When the meeting is for the election of directors or officers, the requirements and procedure for nomination and election;
- vii. The fact that there will be a visual and/or audio recording of the meeting; and
- viii. Other instructions to facilitate participation in the meeting through remote communications.



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- e) Quorum - A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of the corporate business, and every decision of at least a majority of the directors present at meeting which there is a quorum shall be valid as corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.
- f) Conduct of the Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman, or in the absence of the latter, the President and Chief Executive Office, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Corporate Secretary shall act as secretary of every meeting, and if he is unable to do so, the Chairman of the meeting shall appoint a secretary of the meeting.

2. Committee Meetings

- a) Schedule
The Chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter.
- b) Agenda
The Chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of each year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). An agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the committee members approximately one week prior to each committee meeting. Committee members should review these materials in advance of the meeting.

3. Annual Stockholders' Meetings

Directors are required to attend all annual stockholders' meetings.

4. Compensation and Liability Insurance Coverage of Directors

- a) The Board of Directors shall have the sole authority, in accordance with the resolution of the stockholders or the By-laws, to determine the amount, form and structure of the fees and other compensation of the Directors.



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- b) Only non-executive directors shall be entitled to receive from the Corporation fees and other compensation for their services as Directors. In no case shall the total yearly compensation of such Directors exceed ten percent (10%) of the net income before tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper subject to the approval of stockholder representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.
- c) The form and amount of Director compensation that may be given in the future will be determined by the Compensation and Remuneration Committee in accordance with the policies and principles set forth in its charter, and subject to approval by the stockholders representing at least a majority of the outstanding capital stock. Once implemented, the Compensation and Remuneration Committee will conduct an annual review of Director compensation. The Compensation Committee will consider that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to a Director or an organization with which the Director is affiliated.
- d) By resolution of the Board, each director shall receive a per diem allowance for his attendance at each meeting of the Board.
- e) No Director shall be involved in deciding his own remuneration during his incumbent term.
- f) To ensure effectiveness of holding Directors accountable and to attract competent persons as Directors, APMCB I may purchase at its own expense liability insurance coverage for its Directors.

5. Induction, Orientation and Continuing Education

The Management shall provide first-time Directors of the Company with the necessary knowledge of and familiarity with the Company's day-to-day operations.

The Corporate Governance Committee, through the Office of the Corporate Secretary with the help of HR and Admin Department will organize this orientation, in an eight (8) hours module program. Module will be based upon the topics listed below or as per the latest regulatory requirements of the Securities and Exchange Commission from time to time. Topics for discussion may include but are not limited to the following:



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- Overall view of the Company
- Details of the Organization Structure
- Business of the Company, its issues, its overall performance etc.
- Developments in Corporate Governance in the context of applicable guidelines;
- Insights into international best practices in the functioning of Boards and its Committees;
- Key duties and liabilities of a Director,
- Code of Conduct

The current members of the Board shall be provided with the necessary, relevant and appropriate training and/or development programs annually. The annual training of the members of the Board ensures that they are kept abreast of the developments in the business and regulatory landscapes of the industry. With these trainings, it is the Company's belief that the Board will enhance their effectiveness and competency in addressing the needs of the Company.

The Board shall also endeavor to have a legal review, at least once a year, of (i) status of major litigation, if any (ii) compliance with significant regulatory requirements affecting the Company and (iii) corporate governance matters.

6. CEO Evaluation and Management Succession

The Corporate Governance Committee will conduct an annual review of the Chief Executive Office's performance, as set forth in its charter. The Board of Directors will review the Corporate Governance's report in order to ensure that the Chief Executive Officer is providing the best leadership for the Company in the long- and short-term.

The Board will evaluate potential successors and approve management succession strategies and plans for the Chief Executive Officer and other executive officers of the Company. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.



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II. STRUCTURE OF THE BOARD

A. SIZE OF THE BOARD

The Board of Directors shall have fifteen (15) members which is the maximum number allowed in Revised Corporation Code.

In line with the best practice in corporate governance it is the Corporation's goal to have at least three (3) Independent Non-Executive Director to be included as a member of the Board. The Independent Director(s) shall be identified in the annual report.

B. ELECTION AND FILLING OF VACANCIES

The Directors shall be elected individually by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation. The procedure for election and filling of vacancies shall be prescribed by the Nominations and Elections Committee subject to the provisions of existing laws and other rules and regulations issued by the SEC.

- C.** The Board shall be composed of directors with a collective working knowledge experience or expertise that is relevant to the operation of hospitals. The Board shall 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. The Board shall ensure that each of these directors can add value and independent judgment in the formulation of sound corporate strategies and policies.

D. QUALIFICATIONS

The Board may 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/organization affairs and to substantiate proper checks and balances.

A director of the Corporation shall have the following qualifications:

1. Ownership of at least fifty (50) blocks of shares of the capital stock of the Corporation standing in his name in the books of the Corporation at the time of his election;



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2. A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;
3. Relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organizations;
4. Integrity, probity and diligence and assiduousness in the performance of his function.

For Independent Directors, beneficial equity ownership in the Corporation or its related companies, which must not exceed two percent (2%).

The term limit set for Independent Directors is under applicable laws, rules and regulations.

E. DISQUALIFICATIONS

The following persons are disqualified from being a director of the Corporation:

- a. Any person who has been finally convicted by a competent judicial or administrative body of the following : (i) any crime involving the purchase or sale of securities, e.g. proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (ii) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker, and (iii) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b. Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the Commission or any court or other administrative body of competent jurisdiction from;
 - (i.) acting as an underwriter, broker, dealer, involvement adviser, principal distributor, mutual fund dealer futures commission merchant, commodity trading advisor, or a floor broker;
 - (ii.) acting as a director or officer of a bank, quasi-bank, trust company, investment house investment company or an affiliated person of any of them;



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- (iii.) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the Commission or any court or other administrative body, refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code., or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or under any rule or regulation promulgated by the Commission or Bangko Sentral ng Pilipinas, or under any rule or regulation promulgated by the Commission or Bangko Sentral ng Pilipinas, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization;
- c. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions;
- d. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any other law administered by the SEC, or any rule, regulation or order of the Commission or the Bangko Sentral ng Pilipinas;
- e. Any person judicially declared to be insolvent;
- f. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct listed in the foregoing paragraphs;
- g. Any person convicted by final and executor judgment of 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 appointment;
- h. No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged;



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(h.1) If he is an officer, manager or controlling person of or the Owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or

(h.2) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(h.3) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (h.1) or (h.2).

- i. An Independent Director, after serving for nine years (including the two (2) - year cooling off period), shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the SEC.

Temporary Disqualification of Directors

The following are grounds for temporary disqualification of incumbent Directors:

- a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.
- b) Absence or non-participation in more than Seventy-Five Percent (75%) of all meetings, both regular and special, of the Board of Directors during any term, unless the absence or non-participation is due to illness, death in the immediate family or serious accident, in which case the Director(s) concerned shall not be eligible for re-election in the succeeding election.
- c) Dismissal/ termination from directorship in another listed corporation for cause, unless and until the Director concerned has cleared himself of any involvement in the alleged irregularity.
- d) Being under preventive suspension by the Corporation for any reason.
- e) Conviction that has not yet become final referred to in the grounds for disqualification of Directors.



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Temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board.

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.

Independent Directors

The Board shall have such number of Independent Directors as may be adopted by the Corporation.

Independent Directors shall, apart from their fees and shareholdings, be independent from Management and free from any business or other relationship which would, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation. For this purpose, 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 appointment and/or re-election as a Director.

An Independent Director, under Philippine law and the rules of the SEC is one who:

- a) is not a Director or officer or substantial stockholder of the Corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing). In this context, «related company" means another company which is: (a) its holding company (b) its subsidiary, or(c) a subsidiary of its holding company, and «substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security;
- b) is not a relative of any Director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister,
- c) is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;
- d) has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;



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- e) is not retained as professional adviser of the Corporation., any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his turn;
- f) has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms' length and are immaterial or insignificant.

The types of transaction or affiliation under paragraph (f) above which disqualify one from becoming an Independent Director include:

- f.1) personal service contracts with the Corporation, or any of its related companies, or its senior management;
- f.2) being affiliated with a significant customer or supplier of the Corporation or any of its related companies. For this purpose, a person shall be deemed to be affiliated with a party if such person (a) has a direct or indirect ownership interest in, or (b) is employed by such party;
- f.3) being affiliated with a non - profit organization that receives significant funding from the Corporation, or any of its related companies;
- f.4) being a member of the immediate family of an individual who is, or has been during the past five years, employed by the Corporation or any of its related companies as an executive officer; or
- f.5) being affiliated with or employed by a present or former auditor of the Corporation, or any of its related companies in the past five years has been.

An Independent Director shall be disqualified during his tenure under the following instances or causes:

- a) He becomes an officer or employee of the Corporation or becomes any of the persons enumerated above;
- b) His beneficial security ownership in the Corporation or in its related companies exceeds two percent (2%), in which case the Corporation shall forthwith cease to consider him as an Independent Director until his beneficial security ownership is reduced to two percent (2%) or lower.
- c) He fails to meet the attendance requirement as set forth under this code and/or in the Corporation's By-laws



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An Independent Director shall also possess the qualifications and none of the disqualifications for an Independent Director under the regulatory provided and except that, when relevant in the application of the qualifications and disqualifications, a "substantial stockholder" shall mean a stockholder who possesses the power to direct or govern, directly or indirectly, the financial and operating policies of the Corporation so as to obtain benefits from its activities.

The Corporation shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties. Independent directors may, when necessary, also request and receive support from executives, 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.

A. RETIREMENT

With age often comes unparalleled wisdom and experience, skilled business judgment, invaluable industry and community relations and influence, and that the best interests of APMCB I are served by its being able to retain directors that make very meaningful contributions to the Board and the organization regardless of age. Henceforth, the retirement age of Directors is hereby set at 75 years of age.

B. RESIGNATION FROM THE BOARD

Any Director may resign at any time by giving notice in writing or by electronic transmission to the Corporate Secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

It is the sense of the Board that Directors who change the responsibility they held when they were elected to the Board or who subsequently have another change in responsibility should notify the Chairman of the Board of each such change in responsibility. It is not the sense of the Board that in every instance the Directors who retire or have a change in responsibility from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Corporate Governance Committee to review the continued appropriateness of Board membership under the circumstances. If the Committee determines that continued Board membership under the circumstances is no longer appropriate, the Director shall resign.

A Director who cedes, sells, assigns or transfers all of his shares in the Corporation to another shall be deemed resigned upon notice to the Corporate Secretary of the cessation of stock ownership.



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C. TERM LIMIT

There is no term limit for Directors, except for the Independent Directors, who shall serve for a maximum cumulative term of nine (9) years, after which, the independent director shall be perpetually barred from re-election as such in the company, but may continue to qualify for nomination and election as regular director. Imposing term limits on regular Directors holds the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, especially for highly technical ones, and therefore, provide an increasing contribution to the Board as a whole.

III. BOARD COMMITTEES

A substantial portion of the analysis and work of the Board is done by standing Board committees. The Board has established the following standing committees: Audit Committee; Corporate Governance Committee, Nominations and Election Committee and Remuneration Committee. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Committee members will be appointed by the Board upon recommendation of the Corporate Governance and Nominations Committee with consideration of the desires of individual Directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

The Board will have at all times an Audit Committee and a Corporate Governance Committee. All these committees shall be headed by an independent Director. In addition, the members of the Audit Committee will also meet the experience requirements of the Securities and Exchange Commission.

IV. OTHER BOARD PRACTICES

A. REVIEW OF ROLES AND RESPONSIBILITIES

The Chairman of the Board will review with each Director on a periodic basis the performance of each Director's duties as well as the role and responsibilities of each Director.



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B. PUBLIC RELATIONS

Except where directed by the Chief Executive Officer of the Company, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must be made only by specifically designated representatives of the Company. If a Director receives any inquiry relating to the Company from the media, securities analysts, broken; or investors, including informal social contacts, he or she should decline to comment and ask them to coordinate with the Office of the Corporate Secretary.

C. PERFORMANCE EVALUATION

The Board of Directors will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Corporate Governance v.-ill receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will be discussed with the full Board each year. The assessment will focus on the Board' s contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

Each standing Committee shall review and reassess the adequacy of its charter annually and recommend any proposed changes to the Board of Directors for approval. Further, each standing Committee shall annually review its own performance and report the results to the Board. The Corporate Governance Committee shall oversee and report annually to the Board its assessment of each Committee's performance evaluation process.

D. INVOLVEMENT IN CHARITABLE INSTITUTIONS

The Board is committed to maintaining the independence of its Directors. In furtherance of this goal, the Board has adopted a policy for Directors requesting or recommending that the Company make charitable contributions to any organization. The Corporate Governance Committee will be responsible for the enforcement and periodic review of and updating the policy. In connection with its enforcement of the policy and interpretation and analysis of Directors' independence, the Committee will consider that substantial charitable contributions made by the Company to organizations with which a Director is affiliated, and charitable contributions made by the Company to certain organizations at the request or recommendation of a Director, could affect the Director's independence.



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E. PRIOR NOTICE OF OTHER DIRECTORSHIPS

Directors should carefully consider the number of other boards on which they can serve consistent with the time and energy necessary to satisfy the requirements of Board and Committee memberships. Directors should also carefully consider any actual or apparent conflicts of interest and impairments to independence that service on other boards may create. In furtherance of these considerations, directors must notify the Chairman of the Board or the Corporate Secretary in a timely fashion before accepting an invitation to serve on the board of another registered issuer or another publicly listed company or public company. This prior notice is to allow discussion with the Chairman of the Board to review whether such other service will interfere with the outside Director's service on the Company's Board, impact the Director's status as a Director, or create an actual or apparent conflict of interest for the Director.

F. LIABILITY OF DIRECTORS

Directors who willfully and knowingly vote or consent to patently unlawful acts of the Corporation or who are guilty of gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duty as such Directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Corporation, its stockholders and other stakeholders.

When a Director attempts to acquire or acquires, in violation of his duty, any interest adverse to the Corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.

Specific Duties of the Board of Directors

The Board shall exert its best effort to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders. To do so, it shall perform all the functions which it is required to perform in the Corporation's By-Laws, and additionally, shall –

- 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) Create committees and other bodies it may deem advantageous or necessary in running the affairs of the Corporation, as well as appoint advisory Directors who can participate in Board deliberations but whose functions shall be strictly advisory and non-voting; and appoint officers as the Board may deem necessary, and fix their duties and powers;



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- c) Select and appoint a President/ Chief Executive Officer and other senior officers with the appropriate level of motivation, integrity competence and professionalism in accordance with the process and criteria set in the by-laws or within this code;
- d) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation in accordance with the criteria set within this code or in the by-laws of the Corporation;
- e) Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- f) Ensure that the Corporation complies with all relevant laws, regulations and as far as possible best business practices;
- g) Formulate a clear communication and disclosure policy and strategy to accurately, promptly, regularly and effectively communicate with the SEC and the Corporation's stockholders and other stakeholders and oversee the proper and effective implementation thereof
- h) Adopt a system of internal checks and balances within the Board and the Corporation. Such internal control system shall be regularly reviewed and updated to maintain its adequacy and effectiveness;
- i) Identify and monitor key risks and key performance areas, and endeavor to provide appropriate technology and systems for the proper identification and monitoring thereof;
- j) D 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, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board;
- k) 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;
- l) Create an internal self-rating system for the annual performance assessment of the Board, the individual Directors, the board committees, the President and CEO and other key management officials in accordance with the process agreed upon by the Corporation.



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The Board is primarily responsible to the stockholders and other stakeholders for financial reporting and control, and should:

- (1.1) Provide to all stockholders and other stakeholders relevant and timely information about the Corporation, including but not limited to a semestral report and an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the SEC:
- (1.2) Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
- (1.3) Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
- (1.4) Report that the business is a going concern, with supporting assumptions or qualifications, if necessary
- (1.5) Maintain a sound system of internal control to safeguard stockholders' and other stakeholders' investment and the Corporation's assets;
- (1.6) Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- (1.7) Require the chief audit executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;



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- (1.8) Recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- (1.9) 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 expense shall be reasonable;
- (1.10) Implement and monitor compliance with the Code of Conduct and Ethics; and
- (1.11) Fix a record date for the purpose of determining the stockholders who are entitled to exercise the rights such as, but not limited to, the rights to receive notice of, and to vote at, any meeting of stockholders and the right to receive dividend. In cases of declaration of cash dividends, the record date shall in no case be less than ten (10) no more than thirty (30) days from said declaration.