

ANGELES ELECTRIC CORPORATION

BOARD CHARTER

The Board Charter (the "Charter") governs the relationship between the Board of Directors and the Board Committees as provided in the Charters of the Committees which were approved and adopted by the Board. The Charter is intended to complement or supplement the Corporation Code of the Philippines, the Corporation's Articles of Incorporation and By-laws, issuances of the Securities and Exchange Commission ("SEC"), and other applicable laws, rules, and regulations.

Section 1: Composition of the Board

1. **Number of Directors** - The Board of Directors shall be composed of nine (9) members, all of whom are shareholders of record, and elected by Shareholders. The Board shall have at least two (2) Independent Directors, subject to upward adjustment as may be mandated by the Securities and Exchange Commission ("SEC").
2. **Positions** - The Shareholders may elect a combination of Executive Directors and Non-Executive Directors, which in general, 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 substantiate proper checks and balances.
3. **Committees** - The Board shall constitute appropriate Committees to focus on specific Board of Directors' functions to aid in the optimal performance of its roles and responsibilities. The type of Board Committees to be established by AEC would depend on its size, risk profile, and complexity of operations. The following are the Board Committees: (a) Corporate Governance Committee (b) Audit Committee (c) Risk Management and Oversight Committee (d) Executive Committee.
4. **Board Diversity** - AEC shall, as much as practicable, endeavor to ensure diversity in the Board of Directors, in terms of age, gender, ethnicity, skills, experience, and knowledge.
5. **Independence** – The Board of Directors shall have at least two (2) Independent Directors or in such minimum number as may be mandated by the SEC. The Board of Directors shall ensure that its Independent Directors possess the necessary qualifications and none of the disqualifications as required by SEC and other applicable laws and regulations. Before election, the nominees shall submit a Certification of Qualification.

For this purpose, an "Independent Director" shall mean a person who is independent of management and the controlling shareholder, and is free from any business or any other relationship that could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation.

Section 2: Term of the Board

1. **Term of Office** - The elected members of the Board of Directors shall hold office for one (1) year until their successors are elected and qualified.
2. **Term limits for Independent Directors** -The Independent Director may serve for a maximum of nine (9) cumulative years, after which, the Independent Director should be perpetually barred from re-election as such in AEC, but may continue to qualify for nomination and election as a non-Independent Director. If AEC wants to retain an Independent Director who has served for nine (9) cumulative years, the Board of Directors should provide meritorious justifications and sufficient reasons to believe that the individual concerned remains independent and advise the Shareholders of such justifications during the annual Shareholders' meeting.
3. **Resignation** - Any Director of the Corporation may resign at any time by giving written notice to the Chairman of the Board and the Corporate Secretary of the Corporation. The resignation of any Director shall take effect as of the date of its acceptance by the Board of Directors.

Section 3: Board Meetings

1. **Regular Meetings** – regular meetings of the Board of Directors shall be held once every quarter of the year on such dates and at such times and places as the Chairman of the Board, or in his absence, the President, shall set, or upon the request of a majority of the Directors, and shall be held at such places as may be designated in the notice.
2. **Special Meetings** - Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, or by the President, or by any three (3) Directors in writing sent to the Corporate Secretary.

The Corporate Secretary shall schedule all regular board and committee meetings at the start of the calendar year.

3. **Board Attendance** - The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

The Chairman, Chief Executive Officer, or Committee Chairpersons may from time to time invite corporate officers, other employees, and advisors to attend Board or committee meetings whenever deemed appropriate.

Directors are encouraged to attend all annual meetings of shareholders.

4. **Organizational Meetings** - The Board of Directors shall meet for 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.

5. **Notice of Meetings** - Notice of regular meetings of the Board of Directors, specifying the date, time, and place of the meeting, shall be communicated by the Corporate Secretary to each Director personally, or by telephone, email, courier or by written message at least five (5) business days before the scheduled meeting.

For special meetings, notices may be sent at least two (2) business days before the special meeting date. A Director may waive this requirement, either expressly or impliedly.

6. **Quorum** – A majority of the total number of members of the Board of Directors as fixed in the Articles of Incorporation shall constitute a quorum to do business, and a majority of the quorum shall be sufficient for the transactions of any corporate business.
7. **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 President or, if none of the foregoing is present and acting, by any other Director chosen by the Board of Directors. The Corporate Secretary shall act as Secretary of every meeting; if not present, the Chairman of the meeting shall appoint a Secretary of the meeting.
8. **Minutes of the Meetings** - Minutes of all meetings of the Board of Directors shall be kept by the Corporate Secretary as a record of all the business transacted at such meetings.

SECTION 4: BOARD DUTIES AND RESPONSIBILITIES

1. General Responsibility

It is 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 interest of its stockholders and other stakeholders.

- a. The Board of Directors is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.
- b. The Board should establish the Corporation's vision, mission, strategic objectives, policies, and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance.
- c. A Director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness.
- d. The Board shall create specific Board Committees as may be necessitated by the complexity of the operations of the Corporation.

2. Specific Duties and Functions

To ensure a high standard of best practice for the Corporation, its stockholders, and other stakeholders, the Board shall:

- a. Install and implement a process of selection to ensure the election/appointment of competent Directors, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- b. Determine the Company's purpose, vision, mission, and values. Formulate the strategic objectives, policies, and procedures that shall guide its activities, including the means to monitor Management's performance effectively;
- c. Formulate a Board Charter to serve as a guide to the directors in the performance of their functions. The Board Charter shall be posted on the Company's website.
- d. Adopt and ensure the proper implementation and monitoring of compliance with the Code of Business Conduct and Ethics, properly disseminated to the Board of Directors, Management, and employees, and disclosed and made available to the public through its website.
- e. Develop systems and procedures to ensure the appointment of competent, professional, honest, and highly motivated management officers, and adopt an effective succession-planning program for the Management.
- f. Ensure that the Company complies with all relevant laws, regulations, and best business practices.
- g. Identify the Company's Stakeholders and formulate a clear policy on communicating or relating with them.
- h. Adopt a system of internal checks and balances. A regular review of the effectiveness of such a system should be conducted to ensure the integrity of the decision-making and reporting process. There should be a continuing review of its internal control system to maintain its adequacy and effectiveness and ensure the integrity of financial reports and protection of its assets for the benefit of all shareholders and other stakeholders. A mechanism shall be set for monitoring and managing potential conflicts of interest of Management, Board of Directors, and shareholders.
- i. Ensure that there is a policy and system governing Related Party Transactions and other unusual or infrequently occurring transactions, particularly those that pass certain thresholds of materiality. The policy should include the appropriate review and approval of material Related Party Transactions, which guarantee fairness and transparency of the transactions.
- j. Identify key risk areas, key performance indicators and monitor these factors with due diligence, and ensure that a sound Enterprise Risk Management framework is in place through the Risk Oversight Committee.

- k. Ensure that it properly discharges its functions by meeting the set schedule and agenda. Independent views during Board of Directors meetings shall be encouraged and given due consideration. All Board of Directors and Committee meetings shall be written in the minutes.
- l. Keep its activities and decisions within its authority and as prescribed in its Articles of Incorporation, By-laws, and existing laws, rules, and regulations.
- m. Formulate and implement group-wide policies and procedures that would ensure the integrity and transparency of Related Party Transactions between and among the Company, joint ventures, subsidiaries, major Shareholders, officers including their spouses, children, and dependent siblings and parents, and interlocking relationships by the Board of Directors.
- n. Establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its shareholders, third parties, and the regulatory authorities.
- o. Conduct an annual self-assessment of its performance, including the Chairman, individual members, and the Board Committees.
- p. Ensure that the remuneration of the Management and the Board of Directors is aligned with the long-term interests of the Company, as well as at par with comparable entities. No Director should participate in the determination of his own per diem or compensation.
- q. Recommend, propose, and plan continuing education or relevant training programs for Directors, assignment of tasks or projects to Board Committees, and succession plan for the Board of Directors and Management.
- r. Approve the selection of the CEO and assess the performance of Management led by the CEO and the control functions led by their respective heads based on established performance standards or performance evaluation framework that contribute to the attainment of the Company's corporate charter, strategic map, and performance scorecard.

Section 5: The Chairman of the Board

The Chairman of the Board shall be elected by the Board of Directors from among its members. As provided in the By-Laws of the Corporation, the responsibilities of the Chairman of the Board shall include the following:

- a. To preside at the meetings of the Directors and the stockholders.
- b. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering 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 to constructive debate and leveraging 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 availability of proper orientation for first-time Directors and continuing training opportunities for all Directors.
- g. Makes sure that the performance of the Board is evaluated at least once a year and discussed/followed up on.
- h. To initiate the development of corporate objectives and policies and formulate long-range projects, plans, and programs for the approval of the Board of Directors, including those for executive training, development, and compensation.
- i. To exercise such other powers as may be incidental to his office and perform such other duties as the Board of Directors may assign to him.

SECTION 6: THE PRESIDENT

The President, elected by the Board from among its members, shall be the Chief Executive Officer. He shall have the following functions:

- a. To preside at the meetings of the stockholders or of the Board of Directors in the absence of the Chairman of the Board of Directors.
- b. To exercise general supervision over all the other business of the Company.
- c. Except in cases in which the signing and execution thereof shall have been expressly delegated to some other officer/s or agent/s of the Company, the President shall sign and execute in the name of the Company all authorized to be entered into by the Board of Directors, and such deeds, contracts or other instruments that may arise in the course of the routine business of the Company.
- d. To sign, endorse, and deliver all checks, drafts, and bills of exchange, promissory notes, and orders of payment of sums of money in the name and on behalf of the Company.
- e. To borrow money for the corporation by any legal means whatsoever, including the arrangement of letters of credit, and overdrafts with all banking institutions.
- f. To initiate and develop corporate objectives and policies and formulate long-range projects, plans, and programs for the approval of the Board of Directors.

- g. To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control.
- h. To supervise the Chief Operating Officer in the management of the day-to-day business affairs of the corporation.
- i. In general, the President shall perform the duties incidental to the office of a Chief Executive of the Company, as well as other duties that the Board of Directors may assign.

Section 7: The Corporate Secretary

The Corporate Secretary shall be appointed by the Board and shall perform the following duties:

- a. To assist the Board of Directors and the Board Committees in the conduct of meetings, including preparing the annual schedule and agenda of the meetings, and assisting the chairs of the Board and its committees to set agendas for those meetings.
- b. To inform the Board of Directors and the Board Committees, of the agenda of the meetings, at least five (5) business days in advance for regular meetings and two (2) business days for special meetings and ensure that the members thereof, have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- c. To gather and analyze all documents, records, and other information essential to the conduct of his duties and responsibilities to the Company.
- d. To safely keep and preserve the integrity of the minutes of the meetings of the Board of Directors, Board Committees, and Shareholders as well as other corporate records.
- e. To keep abreast of relevant laws, regulations, all governance issuances, relevant industry developments, and operations of the Company and as much as practicable advise the Board of Directors and the Chairman on all relevant issues as they arise.
- f. To assist the Board of Directors in making business judgments in good faith and the performance of their responsibilities and obligations by giving timely legal advice.
- g. To attend all Board of Directors meetings and maintain records of the same, except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent him/her from doing so.
- h. To submit to the Securities Exchange Commission, at the end of every fiscal year, an annual certification as to the attendance of the Directors during Board of Directors meetings.
- i. To ensure that all procedures, rules, and regulations are followed by the Shareholders.
- j. To work fairly and objectively with the Board of Directors, Management, and shareholders and contribute to the flow of information between the Board of Directors and Management, the Board

of Directors and its committees, and the Board of Directors and its Stakeholders, including the Shareholders.

- k. To advise on the establishment of Board Committees and their terms of reference.
- l. To assist Board Committees by providing advice and by keeping records of Board Committee meetings.
- m. To oversee the drafting of the By-laws and ensure that they conform to regulatory requirements.
- n. To perform other duties which the Board of Directors may deem fit and as may be directed by SEC.

SECTION 8: BOARD COMMITTEES

1. **The Committees** - To aid in complying with the principles of good corporate governance, the Board of Directors may constitute appropriate Committees to focus on specific Board of Directors' functions to aid in the optimal performance of its roles and responsibilities. The Board shall establish the following Committees:
 - a. Corporate Governance Committee
 - b. Audit Committee
 - c. Board Risk Oversight Committee
 - d. Executive Committee

The Board may establish or maintain additional Committees as necessary or appropriate.

2. **Committee Reporting** - Each Committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware.
3. **Committee Charters** - All established committees shall be required to have Committee Charters which shall state their purpose, memberships, structures, operations, accountabilities, reporting processes, resources, and other relevant information. These Committee Charters and scorecards shall provide the standards for self-assessment and be approved by the Board of Directors before posting on the Company's website.

Section 9: Compensation of Board Members

Each Director shall receive a reasonable per diem for his attendance at every meeting of the Board. For Board Committee meetings, the Chairperson and Members also receive per diem for each meeting attended.

Except for discretionary bonuses, no other compensation, in any form, is paid to the Directors.

Section 10: Director's Training and Development Program

1. A Director shall, as much as practicable, before assuming his position, be required to attend a seminar on corporate governance from duly accredited SEC training providers, such as orientation programs for first-time Directors and annual continuing training for all Directors.
2. AEC shall provide general access to training courses to its Directors to keep them updated in their knowledge and understanding of its business. It may cover courses on corporate governance matters, such as audit, internal controls, risk management, related party transactions, sustainability, and strategy.
3. The costs of the training and development program shall be paid for by the Corporation.

Section 11: Annual Performance Evaluation of the Board and Key Officers

The Board shall establish an effective performance evaluation framework, which includes the standard or criteria for assessment, 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.

The Board will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Corporate Governance Committee shall solicit comments from all Directors and report annually to the Board.

In addition, the Chief Compliance Officer, Chief Risk Officer, and the Internal Auditor will be evaluated by their respective Board Committees.

Section 12: Succession Planning for Management

The Board will evaluate potential successors and approve management succession strategies and plans for the President and other Executive Officers of the Company. The President 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.

Section 13: Other Provisions

1. **Conflict of Interests** - A Director must report immediately to the Chairman any conflict of interest or potential conflict of interest and shall report all relevant information on this matter under the provision of the Code of Business Conduct and Ethics.
2. **Confidentiality** - No Director shall disclose any information of a confidential nature regarding the business of the Corporation. He shall not use the confidential information of the Corporation for his personal benefit.

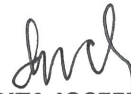
Section 14: Charter Review

This Charter must be reviewed by the Board of Directors at least once a year or as often as deemed necessary. Any amendments and revisions to this Charter must be reviewed and approved by the Board before dissemination to its Members and posting to the Corporation's website.

Signed and approved:



GEROMIN T. NEPOMUCENO
Director/ Chairman of the Board



MARIA RITA JOSEFINA V. CHUA
Director/President & CEO



ARSENIO N. VALDES
Director



EMMANUEL JOSEPH M. NEPOMUCENO
Director



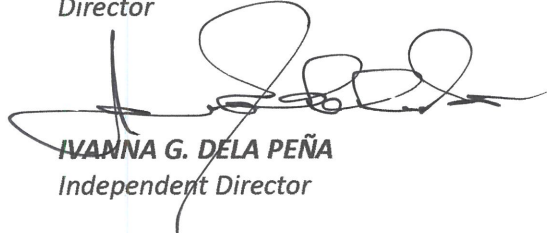
RAFAEL N. MAPUA
Director



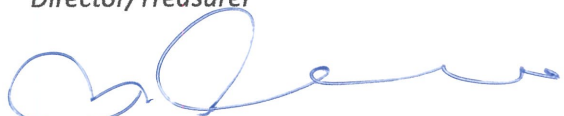
RICHARD HUBERT N. WILKERSON
Director



ROBERT GERARD B. NEPOMUCENO
Director/Treasurer



IVANNA G. DELA PEÑA
Independent Director



HORACIO E. CEBRERO III
Independent Director