

# BOARD COMMITTEE CHARTER

## GENERAL SCOPE AND AUTHORITY

**(a)** This Charter applies to all standing Committees as required of the Board of Yehey! Corporation. The Charter may be subject to review by the Board at any time.

**(b)** To assist the Board in fulfilling its duties, the Board may establish, as required, standing and temporary committees to which it may delegate some of its powers. The board committees each with written terms of reference are as follows:

- (1) Executive;
- (2) Compensation & Remuneration;
- (3) Audit; and
- (4) Nomination & Election Committee.

### 1. Executive Committee

The Executive Committee shall be composed of at least four (4) members of the Board, one of whom shall be an independent director.

The Executive Committee manages the day-to-day operations of the Corporation.

### 2. Compensation and Remuneration Committee

a. The Compensation and Remuneration Committee shall be composed of at least three (3) members of the Board, one of whom shall be an independent director.

b. The Compensation and Remuneration Committee shall have the following duties and responsibilities:

- i. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel to ensure that the compensation levels are consistent with the Corporation's culture, strategy and control environment;

- ii. Determine the amount of remuneration for the Corporation's directors and officers, which shall be in a sufficient level to attract and retain personnel who are needed to run the Corporation successfully;
- iii. Insure that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities, under the penalty of perjury;
- iv. Disallow any director to decide his or her own remuneration;
- v. Provide Management with a clear, concise and understandable disclosure of the compensation of the Corporation's directors and top four (4) management officers for the previous fiscal year and the current year, which shall be incorporated in the Corporation's annual reports, information and proxy statements; and
- vi. Review the existing Human Resources Development or Personnel Handbook or its equivalent, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements. In the absence of such Personnel Handbook or its equivalent, the Committee, in coordination with the Human Resources Department, shall develop such a handbook which shall cover the same parameters of governance stated above.

### 3. Audit Committee

- a. The Audit Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director and shall be the Chairman thereof. Preferably, the members shall have accounting and finance backgrounds, and at least one (1) member shall have audit experience.

Each member shall have adequate understanding at least, or competence at most, of the Corporation's financial management systems and environment.

- b. The Audit Committee shall have the following duties and responsibilities:
  - i. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
  - ii. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation;

This function shall include regular receipt from Management of information on risk exposures and risk management activities.

- iii. Perform oversight functions over the Corporation's Internal and External Auditors;

It should ensure that the Internal and External Auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- iv. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation;

The plan shall include the audit scope, resources and budget necessary to implement it.

- v. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- vi. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- vii. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- viii. Review the reports submitted by the Internal and External Auditors;
- ix. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements

- x. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- xi. Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Corporation's overall consultancy expenses;

The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report.

- xii. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities;

He shall functionally report directly to the Audit Committee.

- xiii. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

#### 4. Nomination Committee

- a. The Nomination Committee shall be composed of at least three (3) members of the Board, one of whom shall be an independent director.
- b. The Nomination Committee shall have the following duties and responsibilities:
  - i. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications under the Corporation Code, the Securities Regulation Code, this Manual and pertinent rules and regulations, as well as those qualifications and disqualifications set by the Board;
  - ii. Re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the

business as a going concern and future expansionary prospects within the realm of good corporate governance;

- c. The Nomination Committee shall consider the following guidelines in the determination of the number of directorships that may be held by a director:
  - i. The nature of the business of the corporations which he is a director;
  - ii. Age of the director;
  - iii. Number of directorships/active memberships and officerships in other corporations or organizations; and
  - iv. Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently.

### **ADEQUATE AND TIMELY INFORMATION**

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

### **DISCLOSURE AND TRANSPARENCY**

All material information about the Corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed to the



Philippine Stock Exchange and the Commission. Such material information shall include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and the Management.

The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through Philippine Stock Exchange mechanisms and the submissions to the Commission for the interest of its stockholders and other stakeholders.