

BOARD CHARTER OF EURO-MED LABORATORIES PHIL., INC.

I. INTRODUCTION

The Board of Directors of **EURO-MED LABORATORIES PHIL., INC.** is the ultimate authority in matters of governance and managing the business of the Corporation. The Board to keep their authority within the powers of the institution as prescribed in the Articles of Incorporation of the Corporation, the corporate By-Laws and by existing laws, rules and regulations, the Directors have the full power to regulate all concern of the Corporation, to the best of their judgment.

The Board is responsible to promote and observe the principles and best practices of corporate governance that, is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

The Board shall exercise its powers with respect to the best interest of the Corporation, to its shareholders and stakeholders.

II. COMPOSITION OF THE BOARD OF DIRECTORS

Number of Directors - The Board shall have ten (10) members.

Board Competencies and Diversity - The Board shall composed of members who possess the necessary qualifications to effectively participate and help secure an objective and independent judgment required to properly perform the duties of the Board.

The Board is committed to supporting and encouraging a culture of equality and diversity where all can realise their potential, opinions and viewpoint whatever their age, race, colour, nationality, ethnic origin, disability, sexual orientation, gender identity, marital or civil partnership status, religion, belief, social or economic class.

Independent Director - The Board shall have at least three (3) Independent Directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

An Independent Director shall be understood to mean as a person who:

- (a) Is not a senior officer, substantial shareholder or employee of the Company, any of its related companies or any of its substantial shareholders, except when the same shall be as an Independent Director of any of the foregoing. For purposes of determining the independence of a director, the term "officer" shall refer to persons employed by the Company for an executive or management position with line or management responsibilities and excludes the By-Law officers mentioned therein;
- (b) Is not, and has not been in the three (3) 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;
- (c) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his or her election
- (d) Is not an owner of more than two percent (2%) of the outstanding shares of the Company and/or its related companies or any of its substantial shareholders;
- (e) Is not related to any director, officer, or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, "relatives" include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (f) Is not an acting nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies, and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- (g) 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 salesperson, and an authorized clerk of the broker or dealer;
- (h) Is not retained, either personally or through his or her firm or any similar entity, as professional adviser, auditor, consultant, agent, or counsel of the Company, any of its related companies and/or 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 (3) years immediately preceding the date of his or her election;

- (i) Does not engage or has not engaged, whether by himself or herself, or with other persons, or through a firm of which he or she 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 or her independent judgment;
- (j) 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
- (k) Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

III. BOARD INDEPENDENCE AND CONFLICT OF INTEREST

Each Director is required to disclose any conflict of interest. A Director with any material conflict of interest that has been determined to be permanent shall be disqualified from the Board.

Directors and Officers who may be covered by the reporting requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) in respect of their shareholding in the Corporation or any changes thereof shall do so promptly and accurately and should disclose to the Board any dealings in the Company's shares within three (3) business days from the subject transaction.

Unless otherwise endorsed by the Nomination Committee on meritorious grounds, Non-Executive Directors of the Board shall only serve as concurrent director 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.

Any member of the Board who has material interest in a transaction affecting the Corporation, abstain from taking part in the deliberations on the transaction.

It shall be mandatory upon a director to notify the Board before accepting a directorship in any other company.

IV. ELECTION OF DIRECTORS

Any shareholder including minority shareholders, shall have the right to nominate candidates for the Board. All recommendations for nominees shall be signed by the nominating shareholder together with the acceptance and conformity by the would-be nominees, and submitted to the Corporate Governance and Nomination Committee through the Office of the Corporate Secretary.

The directors shall be elected annually in the manner provided in the By-Laws and each director shall hold office until the annual meeting held next after his election and until his successor shall have been elected and shall have qualified, or until his death or until he resign or shall have been removed.

An Independent Director shall serve for a maximum cumulative term of nine (9) years. After the expiration of the 9-year term and except as otherwise provided herein, 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 a Non-Independent Director.

The Nomination Committee may in its sole discretion endorse for re-election an Independent Director who has served for nine (9) consecutive years, provided it shall anchor the same upon meritorious justifications and the re-election of such Independent Director shall require shareholders' approval during the annual shareholders' meeting.

V. BOARD MEETINGS

The Board shall meet **every last Tuesday of the month** or in case of unavailability of the majority, as the Board of Directors may determine.

Two-thirds (2/3) of the number of Directors as fixed in the Articles of Incorporation shall constitute a **quorum** for the transaction of corporate acts.

Directors are encouraged to attend all Board meetings, either in person or via teleconferencing. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his or her incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident shall not be eligible for re-election.

The Board Meetings for the entire year shall be announced at the first month of the year. Notice of every meeting shall be emailed one week in advance. **Board materials shall also be emailed one week in advance prior to each Board meeting.**

Board meetings shall be chaired by the Chairman of the Board or in his or her absence, by the Vice Chairman.

Board matters not included in the agenda may be made only if there are no objections posed by any member of the Board.

Minutes of the Board meetings shall be taken and recorded by the Office of the Corporate Secretary. Minutes shall be signed by the Corporate Secretary and by all members of the Board.

At least once a year, Non-Executive Directors must meet without any Executive Directors present, to be chaired by the Lead Independent Director.

At least once a year, Non-Executive Directors must meet without any Corporate Executives present with the External Auditors and Heads of Board Committees, to be chaired by the Lead Independent Director.

VI. RESPONSIBILITIES OF THE BOARD

The Board of Directors shall have the following duties, powers and attributes, in addition to those assigned by the Corporation Code or other regulatory laws which are not set forth within :

- 1) The Board of Directors shall be primarily responsible for ensuring compliance by the Company with the principles of good corporate governance.
- 2) It is the Board's responsibility to adopt, monitor the implementation of the corporate strategy, 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 best interests of its stockholders and stakeholders.
- 3) Install a process of selection to ensure a mix of competent directors and officers. Adopt an effective succession planning program for Management led by the President, and control functions led by the respective heads (Compliance Officer and Audit Officer).
- 4) Provide sound strategic policies and guidelines to the Company on major capital expenditures. 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.
- 5) Review the Company's purpose, its vision and mission and strategies to carry out its objectives.
- 6) Create committees it may deem advantageous or necessary in running the affairs of the Corporation.
- 7) Ensure that the Company complies with all relevant laws, regulations and codes of best business practices.

- 8) 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, as well as a mechanism on the fair treatment and protection of stakeholders.
- 9) Adopt a system of internal checks and balances, including a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders.
- 10) Identify key risk areas and key performance indicators and monitor these factors with due diligence.
- 11) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- 12) 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;
- 13) Adopt an anti-corruption policy and program and disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.
- 14) It shall be incumbent upon a director to attend an annual continuing training program to keep abreast of the developments in the business and regulatory environments. Such training program may involve courses on corporate governance matters relevant to the Company, including audit, internal controls, risk management, sustainability and strategy.
- 15) To disclose to the Company any dealings in the Company's shares within three (3) business days from the subject transaction.
- 16) It shall be mandatory upon a director to notify the Board before accepting a directorship in any other company.

The Board of Directors shall ensure that all Directors, executives and employees adhere to the Corporation's Code of Conduct and Ethics. The Board shall adopt measures for the strict implementation and monitoring of Compliance with the Code. Violations are to be reported to the Compliance Officer or Corporate Secretary, who will present the same to the Board for discussion and approval of appropriate penalty or sanction, if any.

The Board shall approve the financial statements of the Corporation.

The Board shall be responsible on approving any and all investments of the Corporation.

VII. CHAIRMAN OF THE BOARD

The Chairman of the Board is the legal representative of the Corporation. He will preside at all stockholders' meeting and meetings of the Board, or in his absence, the Vice Chairman shall automatically take his place as Acting Chairman of the Board.

The Chairman shall also cast the deciding vote in case of a tie in the stockholders' meeting or in the Board meetings.

To exercise such other powers which are given him in the By-Laws and to the Revised Manual on Corporate Governance.

VIII. CORPORATE SECRETARY

The Corporate Secretary shall prepare and keep the minutes of all meetings of the Board and stockholders and attend to the correspondence and files of the Corporation, to sign jointly with the President, all stock certificates, keep and affix the Corporate seal, likewise keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each and to perform all other duties given him or her in the By-Laws and to the Revised Manual on Corporate Governance.

IX. BOARD COMMITTEES

The Board may create committees it may deem advantageous or necessary in running the affairs of the Corporation in accordance with the By-Laws to aid good governance.

The Committees shall be composed of Board members of the Corporation. The rights and responsibilities of each Board Committee may be defined in the Committee charters duly approved by the Board.

The Board shall adopt a charter for each Board Committee including among others, the duties and responsibilities of the Board Committee and its rules governing the said Committee.

X. BOARD COMPENSATION

The compensation is based on the Corporation By-Laws, Section IV, Article 12, which provide that; Except for reasonable per diems, directors as such shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In no case shall the total yearly compensation of directors, as such, exceed Ten per cent (10%) of the net income before income tax of the Corporation during the preceding year.

XI. ORIENTATION AND CONTINUING EDUCATION PROGRAMS

All new Directors shall undergo orientation program on the Corporation's business and corporate structure, its vision and mission, By-Laws, Manual on Corporate Governance and other relevant essential matters.

Directors shall likewise be required to attend an annual continuing training program to keep abreast of the developments in the business and regulatory environments. Such training program may involve courses on corporate governance matters relevant to the Company, including audit, internal controls, risk management, sustainability and strategy.

XII. PERFORMANCE EVALUATION

The Board shall conduct an annual performance evaluation, which evaluation must compare the performance against previous year, the requirements of this Charter and to set the criteria for the goals for the ensuing year. (Please refer to Annex "A" for the Performance Evaluation through Self-Evaluation Questionnaire)

XIII. OTHERS

This Charter may be reviewed and amended by the Board annually.

This Charter will take effect upon approval by the Board.

ANNEX "A"

APPRAISALS AND PERFORMANCE ASSESSMENTS OF THE BOARD, DIRECTORS, BOARD COMMITTEES AND PRESIDENT

The Company conducts its annual performance evaluation through a Self-Evaluation Questionnaire where all the board members shall participate. The questionnaire has been devised to enable assessment of the effectiveness of the Board, its Committees and its individual members. The questionnaire is used to rate the extent to which the Board complies with each statement, on a scale of one (1) to five (5).

Based on the results of the assessment, these will be thoroughly discussed and implements plans to improve the performance of the Board, its Committees as well as its individual members.

The following criteria set forth in the Self-Evaluation Questionnaire.

Board Assessment

	1	2	3	4	5
1. Board members support and debate the company's strategic vision and values, as to how the Company should be evolving over the next 3 - 5 years.					
2. Board members have a clear understanding of the company's core business, its strategic direction and the financial resources necessary to meet its objectives.					
3. Board members make decisions objectively and collaboratively in the best interest of the company and responsible for achieving the organizational goals.					
4. Board members recognize the role, which they are expected to play and have the appropriate skills and experience for that role.					
5. Board responds positively and constructively to events for effective decisions and implementation and encourage transparency.					

6. Board members attend and actively contribute at meetings.					
7. The Board has open channels of communication with the executive board and others.					
8. The Board uses and well-structured process to manage risk, taking account the company's activities and functions across the business.					
9. Board members attend continuous training/seminar to meet individual development needs.					
10. There is an appropriate succession planning for key Board members and Executive Board.					
11. The Board sets measures on its performance on an annual basis.					
12. The Board ensures that the Company complies with all relevant laws and regulations and endeavors to adopt accepted best business practices.					

Board Committee Assessment

	1	2	3	4	5
1. Board Committees have the right size and composition for the specific board functions.					
2. The members of the Committee has the skills and expertise that are needed by the Committee.					
3. The Board Committees regularly reviews and updates their respective Committee Charters, the Manual on Corporate Governance and recommends appropriate changes or improvements to the Board in compliance with governance rules, applicable laws and best practices.					

4. The members are aware of the mandate of their Committees and ensure faithful execution of their duties and responsibilities.					
5. The Board Committee demonstrates a commitment to the Company's corporate governance duties.					

Performance of Individual Board Members

	1	2	3	4	5
1. I am aware of what is expected of me as a board member.					
2. I have a good record of meeting attendance except when prevented by justifiable cause.					
3. I read the minutes, reports and other materials in advance of our board meetings.					
4. I am familiar with what is in the organization's By-Laws and governing policies.					
5. I keep myself updated on developments in the Company including financial and operational performance.					
6. I observe confidentiality of non-public information acquired by reason of my position as a director.					
7. I follow through on things I have said I would do.					
8. When I have a different opinion than the majority, I raise it.					
9. I actively participate in board discussions and deliberations.					
10. I stay informed about issues relevant to our mission and bring information to the attention of the board.					

Assessment of the Chief Executive Officer / President

	1	2	3	4	5
1. Supervises, directs, controls and manages the business operations and affairs of the Company in a sound and prudent manner.					
2. Makes decisions that enable the Company achieve its goals.					
3. Commits to the fundamental principles of good corporate governance and supports the Board in its governance duties.					
4. Maintains and effective working relationship with the Chairman and members of the Board of Directors.					
5. Provides the Board complete and timely information on plans, developments and opportunities which would enable to make appropriate decisions or directions.					
6. Ensures rhw implementation of the compensation and succession plans and professional development programs of the employees.					
7. Delegates effectively to members of the senior management team and other officers.					
8. Maintains good interpersonal relationships with the Chairman, other Board members, executives, employees and key stockholders.					
9. Ensures open communication with the stakeholders as the Company's goals, objectives, strategies, policies, rules and procedures including employees as to the direction and operation of the Company					
10. Keep the stakeholders informed of the important developments in the Company					