

PERFORMANCE EVALUATION POLICY OF THE BOD/BOD COMMITTEE/MANAGEMENT AND GUIDELINES IN CONDUCTING PERFORMANCE ASSESSMENT

These Guidelines establish the criteria/factors in evaluating the performance efficiency and importance of the Board of Directors (BOD), the BOD Committees, the President and CEO and Key Executive or Management Officers, in terms of composition, roles, responsibilities and operations in carrying out their fiduciary duties and performance of their functions.

1. Purpose

The purpose of the assessment is to measure the BOD's effectiveness through a guided process; to appraise its performance as a body, evaluate whether it possesses the right mix of backgrounds and competencies to foster the long-term success of the Corporation; and to sustain its competitiveness and profitability in the manner consistent with its corporate objectives and the long-term best interests of its Shareholders and other Stakeholders.

2. Appropriateness of Size, Structure and Skill Set of the BOD

- (i) **Balance/Diversity:** Whether BOD, the BOD Committees, and the President and CEO and Key Officers is composed of an approximate mix of Directors/Officers with the right balance of skills, experiences and backgrounds to ensure that proper checks and balances are in place within the Corporation.
- (ii) **Knowledge/Competencies:** Whether the BOD, the BOD Committees, and the President and CEO and Key Officers has an in-depth knowledge of the Corporation's business and strategic direction and possesses adequate information on industry trends and overall business environment.
- (iii) **Qualification/Background/Experience:** Whether the BOD is composed of Directors who have the qualifications and none of the disqualifications and with collective working knowledge, experience or expertise relevant to the Corporation's industry/sector.

3. Adequacy and Appropriateness of written terms of reference and Effectiveness of the BOD in discharging its functions

- (i) **Strategy and implementation:** Whether the BOD, the BOD Committees, the President and CEO and Key Officers has adopted appropriate corporate strategy and whether the same has been effectively implemented;

- (ii) Decision making: Whether the BOD, the BOD Committees, the President and CEO and Key Officers has selected of a reasonable, practical and effective course of action from among two or more possible alternatives in order to arrive at a solution for a given problem
- (iii) Discussions on regulation: Whether the BOD, the BOD Committees, the President and CEO and Key Officers had evaluated the new measures and guidelines of the Corporation before and after being applied.
- (iv) Fair dealing: Whether the BOD, the BOD Committees, and the President and CEO conducted fair business transactions with the Corporation and ensured that his/her personal interest did not conflict with the interest of the Corporation

4. *Adequacy of the frequency of BOD meetings and Manner of which BOD meetings is conducted*

- (i) Participation: Whether the BOD, the BOD Committees, and the President and CEO and Key Officers attended all, some or only a few of the meetings of the BOD and of the Committees in which he/she is a member, and whether he/she made valuable contributions in the discussion of matters before the BOD and/or the Committees.
- (ii) Frequency of meetings: Whether the BOD, the BOD Committees, the President and CEO and Key Officers meet as often as it needs to and for a reasonable duration guided by whatever is necessary to fulfil its responsibilities.
- (iii) BOD-Management relationship: Whether the President and CEO, and other Key Officers have worked closely with the BOD and provided the latter with complete, adequate information on the operations and affairs of the Corporation in a timely manner.

5. *Organization of Committee meetings, appropriateness of procedures and Effectivity and proactivity of the Committees*

- (i) Committee organization: Whether the Committee is composed of appropriate number of Directors with the right balance of skills, experiences and backgrounds to ensure the proper performance of the roles and responsibilities of the Committee;
- (ii) Committee meetings: Whether the Committee had adequate number of meetings to sufficiently focus on significant matters of concern; and
- (iii) Committee processes and procedures: Whether the Committee adopted processes and procedures to ensure timely resolution of matters before it.

6. *Effectiveness and proactivity of the BOD in following up with its areas of concern and Effectivity of suggestions and recommendations of the BOD*

- (i) Discussions on short term goals: Whether the BOD, the BOD Committees, and the President and CEO and Key Officers have laid goals to be achieved and accomplished in the near future and whether adjustments are made as needed.
- (ii) Discussions on long term goals: Whether the BOD, the BOD Committees, and the President and CEO and Key Officers have set up long-term goals that the Corporation needs to achieve and accomplish in the future and whether adjustments are made as the circumstances require.
- (iii) Discussions on business strategies and plans: Whether the BOD, the BOD Committees, the President and CEO and Key Officers have established plans to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment.
- (iv) Discussions on risks - Whether the BOD, the BOD Committees, the President and CEO and Key Officers have a keen understanding of the types of risks to which the Corporation may be exposed and would be vulnerable, and whether it has adopted appropriate systems and processes to manage these risks.
- (v) Internal control/Oversight function: Whether the BOD, the BOD Committees, the President and CEO and Key Officers have taken reasonable steps to ensure that the Corporation is properly managed, including monitoring of the operational and financial results.
- (vi) Follow-up of business plan, strategy, objective and budget: Whether the BOD, the BOD Committees, the President and CEO and Key Officers have religiously followed the designed strategic plan and worked within the allotted budget in order to produce the much needed result and come up with fundamental decisions and actions that will shape and guide the Corporation in terms of what it wants to achieve in the future and whether such plan envisions not only where the Corporation is going and the actions needed to make progress, but also how it projects or sees the success of the Corporation.
- (vii) Promotion of good governance principles, policies and mechanisms: Whether the BOD, the BOD Committees, and the President and CEO and Key Officers have taken the lead role to ensure faithful compliance with all the applicable laws and rules, and the Corporation's By-laws, Code of Corporate Governance, Code of Conduct and Ethics, and other relevant law and regulations
- (viii) Promotion of continuing education and/or training: Whether the BOD, the BOD Committees, and the President and CEO and Key Officers of the Corporation are provided with comprehensive training, including an 8-hour orientation program for first-time Directors and 4-hour relevant annual continuing training for all Directors

7. *Independence, Participation and Expertise of Directors*

- (i) Independence: Whether the Directors were able to exercise independent judgment, and in effect, view each problem/situation objectively.
- (ii) Participation: Whether the Directors were able to actively advise, counsel and contribute to the Company's plans and strategies?

(iii) Expertise: Whether the Directors were able to draw from knowledge and experience to advise on strategy, business plans and key issues.

8. *Performance assessment of the President and CEO, and other Key Executive or Management officers*

(i) Leadership: Whether the President or CEO and other Key Officers lead the Company towards the attainment of its vision and mission and strategic objectives.

(ii) Integrity: Whether the President or CEO and other Key Officers conduct themselves with utmost honesty and integrity in the discharge of their duties.

(iii) Diligence: Whether the President or CEO and other Key Officers devote sufficient and productive time and effort to the management of the day-to-day affairs of the Corporation.

(iv) Corporate Governance: Whether the President or CEO and other Key Officers act in the best interest of the Company, its Shareholders and other Stakeholders, in a manner characterized by transparency, accountability and fairness.

(v) Compliance: Whether the President and CEO, and other Key Officers have taken steps to ensure the Corporation's compliance with all the legal requirements in the management of its affairs;

(vi) Administration: Whether the President and CEO, and other Key Officers have effectively managed the day-to-day operations of the Corporation towards the achievement of the organization's goals and objectives;

(vii) Knowledge, Skills and Competence: Whether the President and CEO, and other Key Officers possess appropriate knowledge, skills and competence essential to the due performance of duties;

(viii) Corporate Ethics: Whether the President and CEO, and other Key Officers have consistently demonstrated integrity and observed the corporate core values;

(ix) BOD-Management relationship: Whether the President and CEO, and other Key Officers have worked closely with the BOD and provided the latter with complete, adequate information on the operations and affairs of the Corporation in a timely manner.