

CHARTER OF THE BOARD OF DIRECTORS

Policy Statement

Lorenzo Shipping Corporation ("Company") and its subsidiaries, whether owned directly or indirectly, being part of an economic controlling group, shall duly observe term limits and respect every stockholder's right.

The Company is geared towards enhancing the effectiveness of independent directors and envisioned to encourage the infusion of innovative ideas in the board of directors.

The Audit Committee, in accordance with Board-approved Charter, shall be responsible for overseeing and reviewing the need to instill safeguards and checks within the governing body of the Company with the end goal of enhancing good governance in our corporate leadership.

Board Composition

1. *Qualification and Election.* The corporate powers of the Company shall be exercised, its business conducted, and its property controlled, by the Board of Directors, who shall be stockholders and who shall hold office for one (1) year until their respective successors are duly elected and qualified.

Size of the Board. The Board shall have seven (7) members. The Board may, however, review its own size from time to time and determine the appropriate size that is most effective towards future operations.

2. *Board Competence and Diversity.* The Board shall generally be composed of individuals who possess the necessary knowledge, skills and experience required to properly perform the duties of directors.

The Board shall always ensure that each of its members shall add value and premium to the Company through sound corporate strategies and policies while, at all times, maintain his/her independent judgment. There should always be an amount of independence and diversity that the Board should always observe. Diversity may be in gender, religion, educational background or other criteria that the Board may deem fit. The Nominations Committee is responsible for assessing the appropriate balance of experience, skills and characteristics required of the Board.

3. *Review of Board Profile.* The Board shall regularly review its current composition, taking into account the dynamic requirements of the Corporation and the demands inherent in the industry to which the Company belongs. The best practices in corporate governance shall always be kept in mind during this review.

4. *Independent Director.*

- a. The Board shall have such number of Independent Directors as may be required by law and applicable rules of the Securities and Exchange Commission, Philippines Stock Exchange, and the standards set by the Association of South East Asian Nations for the strengthening of the capital market development and integration for the establishment of an ASEAN Economic Community.

- b. Per SEC Memorandum Circular No. 4 Series of 2017, an independent director shall only serve for a maximum cumulative term of nine (9) consecutive years reckoned from the year 2012. For purposes of this rule, a tenure of at least six (6) months is considered as one full (1) year. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director.
 - c. In the instance that the company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.
 - d. For this purpose, the listed company must notify the SEC and provide justification for the re-election of their independent directors beyond 2021.
 - e. The Nominations Committee Charter shall provide for the qualifications and criteria for choosing candidates for election as Independent Director. When considering nominations, the Nomination and Corporate Governance Committee shall also consider the recommendations of the stockholders of the Company.
5. *Selection of Chairman of the Board and Chief Executive Officer.* The Board is free to choose its Chairman in any manner that is in the best interests of the Company at the time. The roles of the Chief Executive Officer and Chairman of the Board may be separate. When the Chairman of the Board also serves as the Chief Executive Officer or as another executive officer of the Company, the Board may designate an independent director who acts as a Lead Independent Director.
6. *Board Membership Criteria.* The criteria for Board Membership shall be determined by applicable laws, as well as the Company's By-Laws and the rules and regulations as may be issued or imposed by the Nominations Committee per its Charter from time to time, as may be necessary and applicable.

Board Independence and Conflict of Interest

It is the responsibility of each Director to promote the best interest of the Company. In all aspects of decision making, each Director should keep in mind that the interest of the Corporation is paramount and takes priority over personal interests and agenda.

- 1. *Disclosure of Interest.* Each director shall disclose any conflict of interest either upon being elected as a member of the Board or, thereafter, annually in a Conflict of Interest Disclosure Form. All shall fill up the Conflict Disclosure Form in January of every year. For this purpose, each Director shall likewise be covered by the Company's Policy on Conflict of Interest.
- 2. *Dealing in Company Shares.* In line with the Company's policy on Insider Trading, each Directors is required to report to the Board within three (3) days from dealing in the shares of the stock of the Corporation.
- 3. *Multiple Board Seats.* The Company needs to be assured at all times that all the members of its Board of Directors give adequate time and attention to the Company in the fulfillment of their duties and responsibilities as directors. In this

regard, the Independent Directors shall hold no more than five (5) board seats in publicly-listed companies, while Executive Directors shall hold no more than two (2) board seats in listed companies outside the Magsaysay Group of Companies.

In any case, the capacity of the directors to diligently and efficiently perform their respective duties and responsibilities to the boards they respectively serve shall not at any time be compromised or sacrificed.

4. *Confidentiality Rule.*

- a. Each director shall hold any and all Confidential Information in strict confidence and will not allow him/herself, and will ensure that each does not:
 - i. Disclose any Confidential Information to any person without the prior written consent of the Board;
 - ii. Make any use of the Confidential Information or any part of it except for the proper performance of his or her duties as a member of the Company's Board of Directors;
 - iii. Make any use of the Confidential Information or any part of it to the competitive disadvantage of the Company;
 - iv. Copy or duplicate the Confidential Information or any part of it without the prior written consent of the Corporation except to the extent necessary for the proper performance of his/her obligations as a member of the Company's Board of Directors.
- b. The foregoing does not apply to:
 - i. the use or disclosure of Confidential Information after it becomes generally available to the public other than because of a breach of this Agreement or of any obligation of confidence by each party or by any third party;
 - ii. the disclosure of Confidential Information in order to comply with any applicable law or legally binding order of any court, government, semi-government authority or administrative or judicial body;
 - iii. the disclosure of Confidential Information to legal advisers of any of the members of the Board, whose duties in relation to each party require the disclosure;
 - iv. the use or disclosure of any Confidential Information in any proceedings to the extent necessary to protect the lawful interests of a party;
 - v. the use or disclosure of any Confidential Information after a party receives it from a third person legally entitled to possess the Confidential Information and provide it to the said party, to the extent that the Confidential Information is used, disclosed or otherwise dealt with in accordance with the rights or permission lawfully granted to the party by that third person.
- c. Upon the director's expiration of his/her term, the respective director shall return all Confidential Information to the Company, including all copies, reproductions, extracts, summaries or notes, or destroy the same in accordance with and upon the written request of the directors of the Company and thereafter certify in writing that the same have been destroyed.

- d. The Company may, at any time during the term of a director, instruct such director to return the Confidential Information, or part thereof, and not to make further use of the Confidential Information to be returned. Upon receipt of such instruction, the director shall promptly deliver the requested Confidential Information without retaining any copies or excerpts thereof. If the requested Confidential Information is still required by the director to perform his or her obligations as such, then in such event the Company and the particular director shall endeavor to obtain alternative information from other sources so that the director can proceed with the performance of his or her obligations, but such director shall not be held responsible for the quality of such performance.
 - e. For the purpose of this Policy, "Confidential Information" shall include but is not limited to any and all confidential, proprietary and non-public information pertaining to the business of the Company (including without limitation information pertaining to the systems, plans and strategies of the Company, and its suppliers and customers information) and all information a party may generate in relation to those matters in connection with the fulfillment of its obligations with the Company howsoever disclosed, including copies and reproductions thereof, which are of an intellectual, technical, scientific, financial, commercial or marketing nature, which are not in the public domain and in which a party has a business, proprietary or ownership interest or has a legal duty to protect, or which is expressly identified in writing by such party as confidential at the time of its disclosure.
5. *Influence of Former Directors.* Former Directors shall not be allowed to exercise influence over the operations of the Company. The confidentiality rule applicable to incumbent directors shall continue to apply to former directors for a period of three (3) years from the expiry of their term as director of the Company.
 6. *Employment of Former Directors.* Notwithstanding the immediately preceding paragraph, an exception may be made if it is in the best interest of the Company, as determined by the incumbent Board, that a former Director take on a certain position within the Company, whether elected or appointed, as the circumstances may require.

Election of Directors

The Directors shall be elected by the Company's stockholders entitled to vote at the annual meeting in accordance with the Company By-Laws, Nominations Committee Charter as well. For our purpose, the following rules shall apply in a suppletory nature.

1. *Nomination of Directors.* The screening and nomination by candidates for directorship with the Company shall be governed by the Nominations Committee Charter. The foregoing notwithstanding, the list of the names of the nominees to the Board, as duly confirmed by the person duly nominated, shall be filed and submitted to the Nominations Committee through the office of the Corporate Secretary at least forty five (45) days prior to the date set for the annual meeting wherein they will be elected.
2. *Required Vote.* For the election of Directors, it is necessary for a majority of the outstanding shares of stock to be present or represented in the annual stockholders' meeting.

Board Meetings

1. *Frequency of Meetings.* The Board shall hold a meeting for the organization immediately after their election, of which meeting no notice shall be required. Regular meetings of the Board of Directors shall be held at least once every three (3) months at such time and place as the Board may prescribe. Special Board Meetings may be called by the President upon the written request of at least two (2) directors, upon notice of at least one (1) day previous to the date fixed for the special meeting.
2. *Quorum.* The directors shall act as a board, and the individual directors shall have no power as such. A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of business, and every decision of a majority of the quorum duly assembled as a board shall be valid as a corporate act.
3. *Attendance.* Directors are enjoined to attend to all Board meetings, either in person or via teleconferencing facility. A Director who fails, without any justifiable cause, to attend at least 75% of the total number of Board meetings during any term shall not be eligible for re-election.
4. *Matters for Discussion in Meetings.* In any Board meeting, decisions may be made on matters not included in the distributed meeting agenda only if there are no objections posed by any member of the Board.
5. *Minutes of the Meetings.* Minutes of the Board meetings shall be taken and recorded by the Office of the Corporate Secretary. Minutes shall be signed by the Chairman of the meeting and by the individual who has been appointed to take notes during the meeting.

Responsibilities of the Board

1. *Duties, Powers and Attributes of the Board.* The Board of Directors shall have the following duties, powers and attributes, in addition to those assigned to it by the Corporation Code and other applicable law and the By-laws, albeit not set forth herein:
 - a. Adopt, continuously review, monitor the implementation of the corporate strategy;
 - b. Determine the period, manner and conditions under which the Company shall engage in the kinds of businesses duly covered in Article II of the Articles of Incorporation;
 - c. Review vision and mission statement of the Corporation every year;
 - d. Determine the manner in which the corporate capital shall be lawfully invested, subject to the provisions of the By Laws and other applicable laws and regulations;
 - e. Make rules for the internal regulation of the Company;
 - f. 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 strictly be advisory and are non-voting; appoint Senior Managing Directors, Managing Directors, Executive Directors and Associate Directors (who need not necessarily be members of the Board of Directors), Attorneys-in-Fact, Managers, Assistant Managers, Assistant Secretaries and Legal Counsel for the Company, as may be necessary and fix their corresponding duties and powers.

- g. Determine the creation of branches, agencies, office departments of any class, under the conditions as it may deem convenient, necessary and reasonable;
 - h. Decide as to the safekeeping of the funds of the Company, open current accounts, fixed deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;
 - i. Approve the budgets and general expense accounts of the Company each year and each quarter, if necessary;
 - j. Fix annually the percentage to be written off on all capital expenditures of the Company such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends;
 - k. Submit annually to the annual meeting of stockholders the Balance Sheet, Profit and Income Statement and Annual Report on the condition of the Company;
 - l. Call Special Meetings;
 - m. Authorize any other person or persons as it may deem fit to purchase, sell or mortgage the real or personal properties of the Company.
 - n. Authorize any other person or persons as it may deem fit to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Company and when the bonds have been cancelled;
 - o. Determine the time and manner of issuance of unissued stocks of the Company;
 - p. Fix the budget of administration expenses.
 - q. Determine the manner and conditions under which the employees of the Company shall be granted pensions, retirement gratuity or life insurance protection;
 - r. Institute, maintain, defend, compromise or drop any litigation in which the Company or its officers may be interested in as plaintiff or defendant in connection with the business of the Company and grant extension of time for the payment or settlement of any indebtedness in favor of the Company.
 - s. Settle any doubts that may arise relative to the interpretation of the Company's By-Laws and supply any omissions, reporting thereon to the stockholders' general meeting for such action as it may see fit to take;
 - t. Conduct an annual performance assessment of the Board, the individual Directors, the Board Committees, the President and the CEO, and other key management officials;
 - u. Oversee the process of disclosure and communications of relevant corporate information in accordance with applicable laws, rules and company policies.
2. *Strict Observance of the Code of Conduct and Ethics.* The Board shall ensure that all Directors, executives and employees strictly observe and abide by the Company's Code of Conduct and Ethics. The Board shall adopt measures for the strict implementation and monitoring of compliance with the said Code.
 3. *Reporting Responsibility of the Management.* Management shall inform the Board regularly, promptly and comprehensively about any issues concerning the Company's strategy, risk management and compliance. Management shall regularly update the Board of the implementation of the Company's strategy and explain deviations, if any, from the approved plans and targets.
 4. *Approval of Financial Statements.* Based on the report by Audit Committee, the Board shall, with the help of independent auditors, approve the financial statements of the Company.
 5. *Approval of Annual Plans and Budgets.* The Board shall be responsible in approving the annual plans and budget of the Corporation, as well as the corresponding investments and personnel movements.

Officers of the Board

1. *Executive Officers of the Board.* The offices of the Company shall consist of a Chairman, Vice-Chairman, President, one or more Vice-Presidents, a Treasurer, a Secretary, an Assistant Corporate Secretary and a Chief Operating Officer. All Officers shall be elected to their offices by a majority of the votes of the Board of Directors. Two or more offices may be vested in the same person whenever deemed convenient or expedient except that no one shall act as President and Secretary or as President and Treasurer at the same time.
2. *Chairman of the Board.* The Chairman of the Board shall preside at the meetings of the directors and of the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may from time to time assign.
3. *Chairman of Board Meetings.* The Chairman of the Board shall chair all Board meetings, or in case of his/her absence, the Vice Chairman shall automatically take his/her place as Acting Chairman of the Board.
4. *Vice Chairman.* The Vice Chairman shall preside at the meetings of the directors and of the stockholders in the absence of the Chairman. He shall exercise such powers and perform such duties and functions as the Board of Directors may, from time to time, assign to him.
5. *President.* The President shall supervise the business affairs of the Company, execute all resolutions of the Board, countersign, together with the Treasurer, all checks or other negotiable instrument, in the same and in behalf of the Company; enter into and sign contracts, and perform such other duties as are incidental to his functions as such.
6. *Chief Operating Officer.* The Chief Operating Officer shall ensure that the administration and operational policies of the Company are carried out. The Chief Operating Officer shall also supervise and direct the day-to-day business affairs of the Company and recommend to the Chairman of the Board specific projects for the attainment of corporate objectives and policies. Moreover, the Chief Operating Officer shall prepare such statements and reports of the Company as may be required by law. The Chief Operating Officer shall also execute such powers and perform such duties as may be assigned to him/her by the Chairman of the Board.
7. *The Vice-Presidents.* If one or more Vice-Presidents are appointed, he/she/they shall have such powers and shall perform such duties as may from time to time be assigned to him/her/them by the Board or the President
8. *Treasurer.* The Treasurer shall be in-charged of all funds, moneys, securities, receipts and disbursements of the Company; shall deposit or caused to be deposited all moneys or valuable effects of the Company in banks or trust companies as the Board may designate; he/she shall countersign, together with the President, all checks and negotiable instruments in the name and in behalf of the Company; shall render such periodic reports on the financial position of the Company and shall keep correct books of accounts.
9. *Corporate Secretary.* The Corporate Secretary shall be the custodian of the records, minutes, and deliberations of the Board at all meetings as well as the meetings of the stockholders; he/she shall serve notice of all meetings, affix the seal of the corporation to any instrument requiring the same, take charge of the stock certificate book and such other books and papers of the Company. He/She

shall perform such other duties incidental to his/her office or which the Board or the President may assign to him/her.

In the absence of the Corporate Secretary, the Assistant Corporate Secretary shall act in his/her place and perform his/her duties. The Secretary may, subject to his/her supervision and control, delegate any or all of his/her powers, duties and functions to the assistant Corporate Secretary. The Corporate Secretary shall also perform such other duties as may, from time to time, be assigned to him/her by the President.

10. *Qualifications, election, compensation.* Except for the Chairman, Vice Chairman, and President, none of the foregoing officers need be directors of the Company. They shall be elected annually at a meeting held for that purpose and shall serve for one (1) year and until their successors shall have been duly qualified. They shall receive such compensation as the Board of Directors may fix.
11. *Vacancies.* If there shall be a vacancy created in the office of the President, Vice President, Treasurer, or Secretary by death, resignation, absence or otherwise, the rule of succession from President, Vice President, Treasurer and Secretary shall be followed. The Board may, however, if it decides, elect to such vacant position any person from amongst its membership. The person who succeeds shall serve only for the unexpired term.

Board Committees

1. *Creation of Board Committees.* The Board of Directors may create and appoint such committees as it may consider necessary or advisable for the proper conduct and operation of the affairs of the Company and prescribe their respective powers and duties. The members of any such committee created and appointed by the Board may be removed at any time by the Board and any vacancies in any of said committees shall be filled up accordingly by the Board of Directors.
2. *Executive Committee.* An Executive Committee is hereby created which may be organized from time to time upon determination of the Board of Directors. The committee shall be composed of not less than three (3) but not more than five (5) members, three (3) of whom must be directors and which shall include the President. The Board of Directors shall have the power at any time to remove and replace the members of, and fill vacancies in, the Executive Committee.

The Executive Committee, when the Board of Directors is not in session, shall have and may exercise the powers of the Board of Directors in the management and business and affairs of the Company, except with respect to:

- a. Approval of any action for which stockholders' approval is also required;
- b. The filling of vacancies in the Board of Directors;
- c. The amendment or repeal of the Company's By-Laws or the adoption of new By-Laws;
- d. The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amenable or repealable;
- e. A distribution of cash dividends to the stockholders; and
- f. Such other matters as may be specifically excluded or limited by the Board of Directors.

Actions taken by the Executive Committee for the Company shall be submitted to the Board of Directors at its next meeting for ratification.

3. *Nomination Committee.* The Company shall have a Nomination Committee which shall be composed of at least three (3) members of the Board of Directors, one of whom shall be an independent director, and such other persons as the Board of Directors may designate. The Nomination Committee shall have the powers granted to it under the Code of Corporate Governance. The Nomination Committee shall decide on such matters as the Board may from time to time delegate to it.

The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination of independent directors. The same shall be properly disclosed in the Corporation's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission.

4. *Audit Committee.*

The Board Audit Committee (BAC) consists of three (3) members of the Board of Directors, and at least one (1) member is an Independent Director. Each committee member has finance and accounting background. The Chairman of the Audit Committee should be an independent director and with audit experience. Chairman or members of the Committee shall be appointed and may be removed from office only by the Board.

The Board Audit Committee (BAC) shall continue to fulfill its responsibilities in accordance with best practices and in compliance with the Corporate Governance Manual and other relevant regulatory requirements, the Committee shall conduct an assessment of its performance against the expectations set out in this Charter, at least annually. Based on the results of assessment, formulate and implement plans to improve its performance, and to identify the relevant education and training needs intended to keep the members up-to-date with corporate governance best practices, accounting and auditing standards, as well as specific areas of concern and relevant to the Committee.

The Board Audit Committee (BAC) shall have the resources and authority to retain, at the expense of the Company, such independent legal, accounting and other advisors as it shall deem necessary or appropriate to carry out its duties.

The primary purpose of the Board Audit Committee (BAC) is to assist the Board of Directors in fulfilling its oversight responsibilities for:

- The integrity of Lorenzo Shipping Corporation's (LSC) financial statements, financial reporting process and disclosures, and application of accounting principles and policies;
- Risk management and the system of internal control;
- LSC's audit process and performance of the company's internal audit function and selection and supervision of external auditor, including the external auditor's qualifications and independence;
- Compliance with applicable laws, regulations, standards and best practice guidelines.

5. *Remuneration Committee.* The Company shall have a Compensation and Remunerations Committee that recognizes that its levels of remuneration should

be sufficient to be able to attract and retain the services of qualified or competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. The Committee shall be composed of at least three (3) members, namely, the Chairman of the Board and two (2) directors as members, one of whom should be an independent director.

The Compensation and Remunerations Committee shall promulgate the guidelines or criteria to establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers, depending on the particular needs of Company.

6. *Delegation of Rights and Responsibilities to the Board Committees.* The Board may delegate part of its rights and responsibilities to any of its committees. The Committees shall be composed of Board Members and key officers of the Corporation specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.
7. *Board Committee Charters.* The Board shall adopt for each Board Committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties and responsibilities of the Board Committee and the rules governing the exercise of those powers and performance of the duties and responsibilities.

Orientation and Continuing Education Programs for Directors

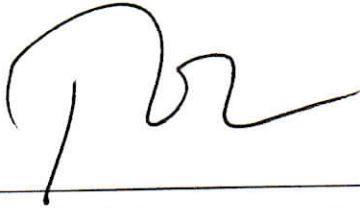
Prior to assuming office, all new Directors shall undergo orientation program on the Company's business and corporate structure, its vision, mission and corporate strategy, the By-Laws and Manual of Corporate Governance and other relevant matters essential for the effective performance of their duties and responsibilities. The Directors shall likewise be required to undergo training and continuing education programs to further their knowledge and assist in their development as such.

Miscellaneous

1. *Access to Information.* The Board shall have reasonable, free and full access to all relevant information, data, records, properties and personnel of the Company.
2. *Technical Assistance.* The Board may invite such members of Management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.

Adoption and Amendment of Charter

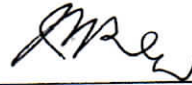
This Charter was adopted by the Company's Board of Directors on 08 December 2017. It is subject to annual review after which amendments may be made and approved by the Board. This Charter shall be published on the Company's website.




Doris Magsaysay Ho

Antony Louis Marden

Julio O. Sy, Sr.



Michael L. Escaler



Edgardo A. Bautista



Rene J. Buenaventura



Deogracias N. Vistan